SOCIAL RESEARCH

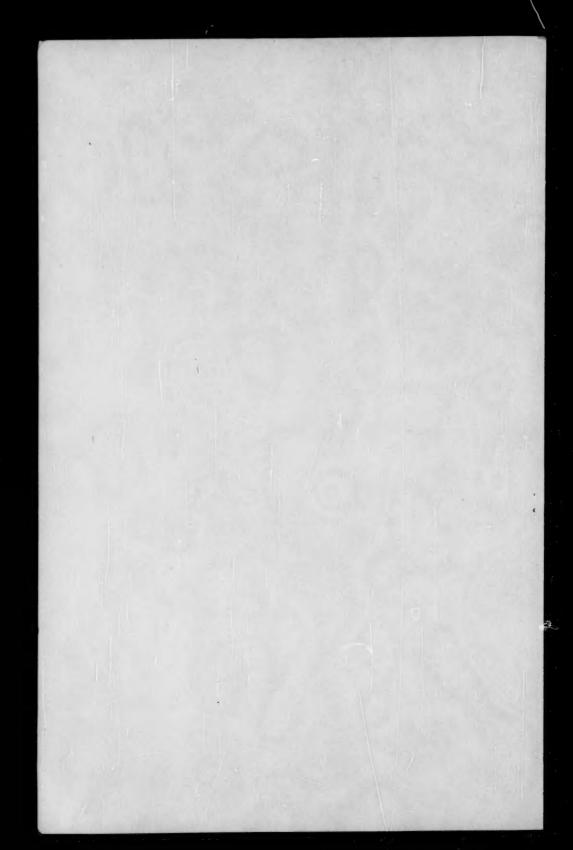
AN INTERNATIONAL QUARTERLY OF POLITICAL AND SOCIAL SCIENCE

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AN INTERNATIONAL QUARTERLY OF POLITICAL AND SOCIAL SCIENCE

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April 1961

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HAS THE SOVIET UNION TAKEN A STEP TOWARD COMMUNISM?

BY ALEXANDER S. BALINKY

In 1954 an existing Soviet foundry in Baku was reorganized as a social laboratory in which to test the Soviet Union's readiness for communism, as contrasted with socialism. My purpose here is to describe the operations of this foundry and to consider their implications for professed broader efforts in the same direction. But the meaning and current significance of the Baku experiment may best be appreciated against a brief background of Marxist theory relating to the issue of transition from socialism to communism.

1

According to Marxist theory, socialism and communism are distinct stages of historical evolution. Socialism arrives first, on the heels of revolution and the "inevitable" collapse of capitalist imperialism. Communism follows as the ultimate form of social organization. In a way, socialism is a kind of purgatory midway between capitalist hell and communist heaven. It is a period of transition during which the gap between the new socialist institutions and values and the older bourgeois ones is narrowed and finally eliminated.

Marxism contends that as capitalism matures, the working class becomes divided into two segments: the elite and the broad masses. The elite is that tiny fraction that has risen above the level of bourgeois morality and is sophisticated enough to comprehend the true nature of the historical forces at work. Constituting the disciplined nucleus, as organized into the Communist Party, the elite assumes leadership and guides the entire working class through the revolution. The workers, as such, are in a somewhat different situation. Capitalist exploitation,

poverty, unemployment, increasing misery, and war provide the masses with sufficient awareness to make them follow the Party at the appropriate moment. But the majority of them are unprepared for what lies ahead after victory. Technically trained to serve their masters, the workers are not yet educated. They have had neither opportunity nor experience in managing the common affairs of society. They continue to reflect many of the prejudices and value judgments characteristic of a bourgeois environment. Narrow self-interest and cut-throat competition tend to remain a part of their behavior pattern. The "opiate of religion" and respect for the rights of private property do not melt away overnight. In short, the masses, the majority, are not yet prepared to govern themselves under socialism, and even less are they educated in the art of living under communism.

This is why, then, according to Marxist theory, socialism must precede communism and be characterized by a "dictatorship of the proletariat," under which the affairs of post-revolutionary society come to rest in the hands of the Communist Party. This Party dictatorship shares one feature common to all earlier forms of government: it remains an instrument of compulsion. But it has an altogether different objective—the good of the entire society—and toward this end it performs three functions: protection, organization, and preparation.

At first the socialist embryo needs protection from its enemies. The revolution succeeds in wresting economic and political control from the hands of the capitalist class, but this does not automatically rid society of the bourgeoisie. Dissident, potentially counter-revolutionary elements remain. The Party must shield the socialist society from these dangerous elements while gradually liquidating them.

At the same time the Party is responsible for organizing and running the affairs of the new economic, political, and social institutions. Under socialism, collective ownership of the instruments of production replaces private ownership. Economic decision-making and control are carried out by a Party-controlled

apparatus. Production (minus such capitalistic features as competitive waste, monopoly restriction of output, unemployment) is planned for use rather than profit. Workers share in the social product in direct proportion to their contribution to its creation. Exploitation of man by man ends. The class structure (in the sense of ownership versus exclusion from ownership of the means of production) disappears. This all constitutes a great improvement over capitalism, but not yet the millennium. Something far better is yet to be.

This is where the third, the preparatory, function of the dictatorship comes in. The Party must make the masses ready for life under communism. Since the workers, through no fault of their own, do not enter the socialist stage as the best judges of their true self-interest, the Party must assume the burden of educating them. Desirable as it may be, relative to capitalism, socialism is still imperfect. The very existence of a governing body connotes compulsion. In the ideal society workers must manage their own affairs. The state must "wither away." Nor is the mere absence of capitalist exploitation the end of the road in the distribution of the social product. Each worker will, ultimately, contribute according to the best of his ability and receive in accordance with his needs.

What is necessary before these ideal conditions evolve? First, the socialist system of production must reduce economic scarcity (accentuated under capitalism) to such a level that all reasonable, "cultural" needs of man are easily met. This, Marxist theory presumes, will inevitably occur under socialism as a result of its superior and rational system of economic organization. The second requirement is a change in the very nature of man's behavior. Communism cannot appear, or work, until everyone is elevated to the level of the earlier elite. Man must change, or be changed, from the narrowly self-interested, competitive, nationalistic, superstitious, uncultured beast that entered the socialist phase into the cooperative, socially conscious, humanity loving, cultured human being required by communism.

Only then will compulsion no longer be necessary. Only with this new specimen of man will the communist system of distribution work. And since social man is fundamentally the product of his environment, it is the Party's responsibility to create, under socialism, the milieu that will gradually bring about the necessary transformation. Like the ideal parent, the Party is to rear its children to be ready for independence on reaching maturity—and then quietly and graciously slip away. It cannot do so, however (as Stalin especially stressed), before the dangers from capitalist encirclement have ended and the distinctions between city and country, industry and agriculture, have disappeared.

In 1918 Lenin wrote: "How rapidly this development [communism] will go forward, how soon it will reach the point of breaking away from . . . socialism . . . this we do not and cannot know . . . we have a right to speak solely of its inevitability . . . emphasizing the protracted nature of this process . . . leaving quite open the question of lengths of time, or the concrete forms . . . since material for the solution of such questions is not available." 1 Discussion on the Marxist issue of transition from socialism to communism continued sporadically during the Stalinist period, though without much practical effect. But Khrushchev, in his January 27, 1959, address to the Twenty-First Party Congress, rekindled interest in the question. "The building of a communist society," he said, "is the ultimate goal of the Marxist-Leninist parties . . . Now that our country has entered a new historical period of its development, the problems of Marxist-Leninist theory associated with the transition from socialism to communism acquire special importance . . . It will not be achieved all at once, by a single act . . . it will come step by step . . . In fact, we are already opening the door into communist society . . . The Soviet people have built a socialist society and have entered a new period, in which social-

¹Lenin, "The State and Revolution," in A Handbook of Marxism, ed. by Emile Burns (London 1935) pp. 752-53.

ism grows into communism . . . There are many tangible and visible features of communism in our society, and they will continue to develop." ²

In that speech Khrushchev was concerned primarily with the First Seven-Year Plan. The issue of transition to communism was linked to the prediction that the first and the next sevenyear plan will place the USSR well on the road to the "economic abundance" that Marxist theory regards as one requisite for the realization of communism. Khrushchev hinted at a time table in saying that "There is no set date for the realization of communism . . . Is the time far off? Apparently it is not . . . When we win in economic competition with the United States, we shall have completed the initial phase of the building of communism. The economic level reached in this phase will not be the end of our road, but only a half-way station." Since in another section of the same speech he spoke of catching up with the United States "in most things" by 1965 and surpassing it by 1972, the implication is that by 1972 the USSR will be half-way into the economic abundance needed for full communism. That Khrushchev regards the transition to communism as a serious issue is further evidenced by the fact that the Twenty-Second Party Congress, now scheduled for October 1961, is to be concerned with discussing the goals of a communist society.

Several concrete measures designed to facilitate the transition—
"tangible and visible features of communism in our society"—
have indeed been introduced in post-Stalinist Russia. The creation of the "Brigades of Communist Toil" is one case in point.³
As a member of such a brigade, an individual competes for the title of "Shockworker of Communist Toil," an honor that is awarded by factory trade-union committees and the factory administration, with the advice and approval of the Party and Komsomol authorities. The unique feature here is that in

² N. S. Khrushchev, "Target Figures for the Economic Development of the USSR, 1959-1965," in Soviet Weekly, January 29, 1959.

³ For an account of these brigades see the *Great Soviet Encyclopaedia* (1957) under that heading.

order to gain that title, a worker must not only excel in production but also "learn like a communist" and "live like a communist."

Another such measure is the establishment of the "Voluntary Brigade of People's Militia." This organization is based on Khrushchev's 1958 dictum that the time has arrived for the "people" to take over some of the functions of the government, especially the enforcement of communist morality in public. The object of this particular brigade is to speed "the development in Soviet people of communist morality, the basis of which is the devotion to communism . . . the consciousness of one's debt to society, active participation through toil, for the happiness of society, the voluntary observation of the basic rules of human living together, comradely mutual help, honor, and truthfulness, and the non-suffering of infringers of public order." 4

A third, and even more significant, development was the 1954 reorganization of the Baku foundry on principles approximating full communism. It is this development that I wish now to consider.

II

It should be stressed that Soviet leaders do not regard the Baku experiment as a test of whether communism "can work." As Marxists they do not question the inevitability of communism. The degree to which Soviet society is ripe for it is what the Baku experiment has been designed to measure. The experiment is also regarded as useful in ascertaining what practical problems under communism need to be ironed out. Today, after half a dozen years of experimentation, the conclusion has been reached that the success of the Baku project proves the economic feasibility of communism at this point in Soviet development.

The Baku foundry specializes in the modification and mod-

⁴ V. Surov, "The People's Brigades Protecting Public Order," in Molodoi Kommunist (Young Communist), no. 3 (1959) p. 90.

ernization of existing railroad stock, making special equipment necessary to reconvert railway cars to new purposes. In its present operations as the "Red Proletariat Foundry," it differs from the typical Soviet factory in numerous ways, one of which is the extent to which decision-making has been shifted from management to labor. The principle on which it operates is that the precise balance between worker and management control reflects, at any given point in time, the stage of social development of the participating workers.

Thus far only the "middlemen" of the managerial hierarchy have been eliminated. The foundry is organized into three sections, each section performing a different part of the foundry's task, and there is no further division into shops and brigades. Thus the lower-level decisions, traditionally reached by foremen and brigade leaders, are now made by the workers themselves. But since this factory is only a "first step into communism," major entrepreneurial decisions continue to be made by the Director's office, which coordinates the operations of the three sections. The present hiring procedure is a good example of the labor-management balance that has been attained. The Director decides on the size of the labor force required during a given period, and within each section a committee of workers is responsible for setting the standards and selecting the workers best suited to the needs of the foundry.

Everyone concerned with the Baku project is especially conscious of the Marxist concept (however vague and undefined it is) that under full communism all economic decisions will be made by the workers without benefit of centralized direction—that is, without a managerial type, in our sense of the word. There is constant discussion of when the next step should be taken toward more worker control, and what form it should take. During my visit to the foundry a special effort was made to show me the Director's office, which was without doubt the dingiest feature of the entire enterprise. The point it was meant to illustrate was the psychological downgrading of the

status of management. The Director told me that his fondest hope is to see the Baku project progress to the point where the need for his services would "wither away."

The Red Proletariat Foundry currently employs about three hundred workers, of whom 25 percent are women. All of the workers have genuinely volunteered for the experiment (Soviet officials have recognized that the various economic and social pressures used to recruit "voluntary" agricultural labor for the "Virgin Lands Program" would not be consistent with the objectives of the Baku experiment). A high level of technical skill and a record of extraordinary political awareness and reliability were the two qualities sought. Those actually selected normally came from the ranks of groups like the shock workers (udarniks) or heroes of socialist labor. Marxist doctrine holds that, even under socialism, not all workers will rise to the same level of social development at the same time. Hence those chosen to participate in the Baku venture are regarded as the closest approximation to the "New Soviet Man," as required by communism, that is thus far available. As such, they are tested for their ability to work in terms of the communist principle of "from each according to his ability, to each according to his needs." Several examples will serve to illustrate how this is done in the Red Proletariat Foundry.

The foundry operates on the basis of a seven-hour day, with overtime (even at premium rates) prohibited. Every worker is honor-bound to put in a full measure of his time at work. There are no time clocks to be punched, and no management check over arrival or departure time. The point tested by such rules is whether stiff production norms can be met without administrative compulsion on these counts. The worker's readiness for communism is also checked by the system followed in the payment of money wages. Whenever technically possible, the piece-rate method is employed. The rate to be paid per unit of output is set by the Office of the Director, in line with national policy (the Baku workers earn an average of 800 rubles per

month in money wages, which does not represent a significant departure from the national average for comparable work). Every worker keeps his own production record, however, and, knowing the schedule of piece-rates, he calculates the amount of money due him for each payroll period. As in the case of hours, there is no management check on the figure submitted by the worker. Purposely, there is no way to determine which, if any, worker is dishonest. However, any but the most insignificant cheating can show up in the complex set of accounts kept by the Director's office. In a more positive vein, heavy reliance is placed on having innovations come directly from the workers rather than from specialists employed by management for that purpose. Finally, the workers themselves are expected to do everything possible to eliminate waste and inefficiency, without pressure to do so from above. In short, each worker is expected to work to the best of his ability, and without regard for traditional incentives-partly because of his highly developed social conscience and partly because of the intrinsic joy of creative labor.

The corollary principle, "to each according to his need," is also being tested, though in a more limited way. In addition to money wages, the foundry workers receive a variety of payments in kind. The distribution of some articles and services is based on need, rather than being related to the productivity of the worker. The foundry has, on its premises, such service facilities as a barber shop, a shoe-repair shop, a laundry, and a club house. A worker may have his hair cut or his shoes repaired without charge, as often as he feels the need. He may also bring his clothes to the factory to be washed, ironed, and mended. One of the buildings is entirely devoted to providing the workers with comforts not normally available in the typical Soviet factory. There he can receive medical attention, enjoy the use of a steam room, listen to music, or play chess. Should he prefer gardening, that too is possible. The attractively landscaped grounds are entirely cared for, on a voluntary basis, by the workers.

In all of these cases it is the worker alone who decides how often and how far he dips into the common pool of available services and facilities. More cautiously, the factory's cafeteria makes a nominal charge, though for that amount it serves as much food as a worker feels he needs. At regular intervals all workers receive an equal quantity of some one consumer good; recently, for example, everyone was given two pairs of shoes. The amount distributed bears no relationship to individual productivity. At Baku the principle is that all "cultured" people will have reasonably similar and equal needs. The objective is largely to test whether the workers abuse the concept of need.

Evidence of success, none of which appears to be staged, surrounds a visitor to the Red Proletariat Foundry. The exceptionally clean, quiet, orderly interior and the attractively land-scaped grounds provide an ideal setting for an experiment in communism. The efficiency, enthusiasm, and dedication with which the participants work in this modern, semi-automated plant are apparent even to the naked eye. According to the factory's records, absenteeism is a vestige of the past, and labor turnover is practically nil. One out of every five workers is an innovator of some new process, machine, or tool. A large, colorful chart, centrally displayed, shows that since the beginning of the project not a single worker has failed to meet the stiff norm set for his particular job. Many have exceeded their quota by as much as a hundred percent. A bulletin board lists every worker by name in the order of current standing in the race for production.

Literature is displayed, dealing with the latest known machines, tools, and methods relating to foundry operations. Along one of the many flower-lined walks is a large board to which is nailed one specimen of each part used in the foundry's operations. Next to each item is its cost to the plant, in rubles. The caption reads "This is what you cost us through waste." Recently two of the younger workers were married. The wedding and reception took place at the foundry. The couple is now regarded by the others as "our bride and groom." When the Chief Engineer

momentarily erred in his explanation of one aspect of the experiment, a nearby worker quickly corrected the minor factual error while continuing to pour his molten lead.

These are only a few illustrations of the factors responsible for the excellent production record of the Red Proletariat Foundry. Elaborate records, both financial and in terms of physical output, labor productivity, and other such criteria are kept by the Director's office. The performance of the Baku foundry is constantly being compared with that of non-experimental foundries as well as with national averages. By any such yardsticks, the Red Proletariat Foundry appears to be, as the Soviets claim, a huge success.

Ш

But a high level of production, as such, is not what Soviet officials mean when they declare the Red Proletariat Foundry a "huge success." The foundry's Chief Engineer put the point this way: "We have reduced the role of management, and rely heavily on the honesty, initiative, and responsibility of the workers in decision-making. We have, if only in a limited way, separated reward from individual productivity. We have assumed the cost of distributing many items according to need. The foundry has not only remained financially sound but has a production record which far surpasses the typical situation. We regard this as scientific proof that the USSR has, in fact, entered the first step into communism, and that full communism, at the appropriate historical moment, is [economically] inevitable and feasible."

I am not concerned here with the broader issue of the possibility, inevitability, or desirability of communism. This paper raises only the narrower question of whether the Baku experiment has, of itself, proved that "the USSR has, in fact, entered the first step into communism." The Soviet answer to that question has already been outlined. In addition, there are several considerations on the negative side.

In the first place, the Baku foundry combines traditional incentives with its communist features. Money wages, for instance, reflect individual productivity in much the same way as they do in any typical socialist factory where the piece-rate system prevails. Also, cash bonuses are paid for innovating, for exceeding production norms, or for reducing waste and inefficiency. And even some of the communist features, whatever their intended purpose, can be seen as traditional incentives; for example, the fact that the Baku workers receive certain goods and services free of charge, while the typical Soviet worker does not, simply adds to the economic advantages derived from participation in the Baku project. The choice of Baku as a site for this experiment is itself a strong incentive to productivity. Forming a hilly horseshoe on the Caspian Sea, the city has a temperate climate conducive to year-round comfort. Against all my expectations, Baku turned out to be the most attractive and modern city that I visited in the USSR. I found it second only to Moscow in the variety of consumer goods available, and even the housing shortage, critical throughout the Soviet Union, appeared to be less severe in Baku. An opportunity to live and work there is not exactly regarded by the Soviet people as exile to the provinces.

The official view is that these "vestiges" of traditional incentives are still necessary because the Baku experiment represents only the first stage of communism, and not its full realization. But this in no way answers the question of how far the level of labor productivity is a function of the vestigial incentives, rather than reflecting, as claimed, the behavior of the "New Soviet Man." The Baku foundry provides its workers with a more complex, but not qualitatively different, set of traditional incentives. As a matter of pure economic calculus it pays the Baku worker to maintain a high level of productivity, quite apart from his "social conscience" or the joy that he may experience from the creativity of work.

A second negative consideration arises from the very fact that

the particular workers selected to participate in the Baku experiment were chosen because they presumably represent the closest approximation to the "New Soviet Man" thus far. In accordance with implicit assumptions of Marxist theory, it is held that since man is largely the product of his economic environment, the only factor that separates the Baku worker from all others is the element of time. But there is nothing in the Baku experiment that throws any new light on the age-old question of heredity versus environment, or on the singularity of the economic influence. Thus even if we were to disregard the first point, above, and assume that the Baku worker indeed behaves much like the model of the "New Soviet Man," what can we necessarily infer from the Baku experiment about the future behavior of other Soviet workers? It is at least conceivable that society may at all times be composed of a rich variety of people, good and bad, lazy and industrious, selfish and selfless.

In the third place, there is the factor of the experiment itself. The Baku workers are very conscious of their special role and of their "link with the future of Soviet society." Industrial experiments with workers have tended to indicate that the very fact of participating in an experiment—with all of its implications for group dynamics—is an important motivational factor, and one that disappears with the end of the experiment. The famous Western Electric (Hawthorne) experiment pointed to the conclusion that participation as such had a stronger effect on the productivity of the workers than changes, whether of improvement or of deterioration, in the conditions of employment.⁵ Perhaps the lesson learned from Hawthorne is equally applicable to the Red Proletariat Foundry.

And finally, certainly nothing can be presumed from Baku about the timing of the transition to full communism. It would

⁵ See Elton Mayo. The Social Problems of an Industrial Civilization, Division of Research, Harvard Graduate School of Business (Boston 1945); F. J. Roethlisberger and W. J. Dickson, Management and the Worker (Cambridge, Mass., 1939). Also Henry A. Landsberger, Hawthorne Revisited: Management and the Worker, Its Critics, and Developments in Human Relations in Industry (Ithaca 1958).

require a far closer study than I was given an opportunity to make to ascertain whether the Baku project is being indirectly subsidized in many ways. In any event, and even if all other considerations were positive, it still remains a fact that the economic abundance required by communism can be created in a "hothouse" way for a single factory, and still be an infinite distance from realization for the society as a whole.

These various considerations suggest the possibility that the Baku experiment proves only that some Soviet organizations, like some capitalist organizations, function more ideally than others. From this point of view Baku can be seen as but a Soviet counterpart of those numerous model factories and industrial experiments that have characterized capitalism almost from its beginning. It can even be regarded as merely another link in a long chain of Soviet motivational techniques designed to increase labor productivity still further.

But the fact remains that however we assess the Baku project, the Soviet regime is taking seriously the broad issue of transition to communism. As was stressed at the beginning, this issue was raised in the 1959 Party Congress, and it will be the focus of the Congress planned for 1961. To the "non-believer," the essential question in all this is why Khrushchev has chosen this particular moment in Soviet history to revive the long dormant issue of transition. Ample evidence exists that there are a number of highly practical, pragmatic reasons why he is now prepared to proclaim an end to the period of socialist construction and to take a "first step" into communism. But analysis of these reasons, and of their connection with the goals of Soviet imperialism, must be deferred to another occasion.

LABOR RESOURCES AS A FACTOR IN INTERNATIONAL COMPETITION

BY EDWARD MARCUS

One of the postulates of orthodox international-trade theory is the free flow of long-term capital across national boundaries. With such a flow, interest rates between the capital-abundant and the capital-scarce areas are assumed to be brought closer together as lenders and entrepreneurs seek the most profitable opportunities (adjusted for risk differences, of course). In general, discussion regarding the effects of foreign investment has centered on the balance of payments and the income or purchasing-power transfers of lender and borrower. Subordinate considerations have been the shifts in the composition of foreign trade and alterations in the terms of trade. If attention has been directed at the employment aspect, it has usually been in terms of the Keynesian system—the influence on investment and savings—and the foreign-trade multiplier.¹

It is possible, however, that foreign investment will have a deflationary effect on the capital-exporting economy. This may happen, for example, if a substantial portion of the outflow goes to areas where, though wages are low, the labor force is as skilled as in the capital-abundant lands and is reproducing itself at a high rate. The influence of such employment conditions is what I want to consider here. Unless specifically stated otherwise, "low wages" and "high wages" refer in this discussion to real wage levels—money wages adjusted for cost-of-living differences.

Our underlying assumption is that the capital importer has low-wage rates and a high rate of population increase, and that because of a good system of technical and vocational education

¹ See, for example, L. W. Towle, International Trade and Commercial Policy, 2nd ed. (New, York 1956) ch. 29; C. P. Kindleberger, International Economics, rev. ed. (Homewood, Illinois, 1958) ch. 18.

this population increase is adding to the skilled labor force trained workers whose productivity matches that in the high-wage country. In other words, the labor supply curve in the capital-importing country is highly elastic. Thus new plants could be established there very easily, provided the market and profit opportunities justified it, and since there would be little or no disturbance to the existing low-wage structure, the low labor (and total) costs per unit of output would be maintained. It is true, of course, that any sizable inflow of capital would raise real wages somewhat, and hence our assumption of a perfectly elastic supply of labor is not wholly realistic. However, all that is essential for the argument developed here is that any upward move in wage rates be such that it does not alter the original competitive advantage relative to the high-wage areas, even though the differential be narrower than initially.

Assume now that manufacturers from the high-wage area, enjoying freedom to move operations-unhindered, for example, by union policy 2-establish identical plants in the low-wage country; these plants are as fully mechanized and automated as those in the home country, but employ the low-wage skilled labor available in the new surroundings. Clearly, with equal productivity and lower wage rates, output will bear lower per unit costs. It will now pay the parent company to discontinue perhaps all its manufacturing in the home country and shift to the low-wage country, importing its output for sale within the high-wage country, where it previously sold its home-manufactured products. Raw-material prices will probably be about equal in the two countries, and if we assume that the goods have high value and small bulk, it is doubtful that transport costs will offset the manufacturing advantage arising from such a move.

As a result, the high-wage country will be faced with balanceof-payments pressures. The initial addition to the supply of

² Recently the International Ladies Garment Workers Union attempted to stop such transfers; see *Economist*, June 18, 1960, p. 1211.

its currency in the foreign-exchange markets, caused by its capital outflow, may have been simultaneously offset, to the extent that the newly established foreign plant obtained equipment from the parent company's economy, such as machines shipped from the parent plant. Subsequently, however, as imports from the new foreign plant replace the home-produced goods, the current position of the capital exporter will deteriorate. While there may be an offsetting receipt of interest and dividends by the capital exporter, this, obviously, will be only a fraction of the value of the imports from the new plant. It is possible that a diversified high-price country will experience some offset through the raw-materials sector, if the expansion in production and population in the low-wage country steps up consumption of products that the capital exporter can supply. Agriculture and mining can then, to a limited extent, take up some of the slack in employment occurring in the manufacturing centers. However, this shift of factors away from industry is counter to the trend characteristic of the leading manufacturing countries, and will ensue only if the items demanded abroad are those that can be supplied by the capital exporter's farms and mines.

What measures could be taken, then, to counteract the unfavorable shift in the capital exporter's international-payments position? One protective step would be to end capital exports to the low-wage countries. But this would stop foreign investment in non-competitive fields as well, and moreover, the political repercussions of so far-reaching a step might well preclude this particular possibility, especially if the capital supplier had important international responsibilities, as does the United States. Devaluation of the high-wage area's currency could also be instituted; indeed, such a move would be forced on the country if the balance-of-payments shifts were so great as to deplete seriously its monetary reserves. Devaluation, if made strong enough to equalize money wage rates with those of the low-wage country, could end the latter's competitive advantage. But so drastic a change in currency values might set off an inflation-

ary spiral, especially if imports made up a significant part of the cost-of-living index. (The possibility of cost deflation in the high-wage country is discussed below.) Another avenue to explore is that the high-wage capital exporter try to pressure the low-wage areas to legislate higher wages. But since this would check investment in these areas, and thus pose a problem regarding the absorption of the ever increasing work force, it is doubtful that the policy could or would be followed, unless a threat of import controls in the high-wage countries were in the background. Birth control might act as a long-run solution, but this possibility is of questionable value if traditional mores oppose it.

A more practicable alternative for the high-wage countries would be the use of discriminatory trade barriers, either tariffs or direct controls: by curtailing competing imports from the low-wage countries, the current-account deficits would be reduced, even though there would be drastic additional consequences. If all the high-cost high-wage countries followed this policy, they could trade only among themselves, and the two world sectors would, in effect, be sealed off from competing with each other. Any market areas that did not impose such discriminatory tariffs would be subject to capture by the low-wage group, and as a result there would be a continuing deflationary pressure on the high-wage sector until all exports to these "neutrals" had been lost to the low-wage competitors. Incidentally, if the high-wage sector has been an important market for "neutral" raw materials, the shifts outlined in this paper might drastically worsen these suppliers' terms of trade as the low-wage low-consumption sectors expand at the expense of the high-consumption group.

Although trade restrictions are generally associated with a standard of living lower than that obtainable in a world economy encouraging international trade, in the particular set of circumstances postulated in this paper the deflation would be mitigated. True, the high-wage area would suffer from the loss of third markets; this blow would be unavoidable. Production and con-

sumption standards would be somewhat below current levels. Some deterioration would result, of course, from the loss of jobs in those sectors that had previously exported to the low-wage countries or to the "neutral" markets that the low-wage countries had captured. In addition, the cost of living in the high-wage countries would rise, because of the exclusion of low-priced imports from the low-wage countries. But within the high-wage area, full—and high—employment could still be maintained for the member countries, in the long run. If the high-wage trading area were sufficiently large, international specialization could be maintained, and thus real wages could be held appreciably above the levels prevailing in the low-wage countries, even though somewhat below what they had been before trade restrictions became necessary.

If the high-wage countries should instead continue a policy of generally freer trade, they would experience increasing unemployment and deteriorating currency values as more of their factories migrated to the low-wage sectors. Only if the high-wage countries depressed their per unit production costs to the level of the low-wage countries would this deflationary pressure cease. This adjustment implies, however, that real and money wages would have to sink to the level of the low-wage area, and here, of course, union policy would act as an obstacle, particularly in the matter of layoffs and changes in the capital-labor ratio. Under a freer trade policy the cost of living in the high-wage country would be lower, to the extent that the low-cost imports from the low-wage countries replaced the higher-priced domestic output, but real incomes would be depressed below the level they could attain under a restrictive import policy.

This depressing effect on real income in the high-wage countries results from the combination of low wages and high productivity in the capital-importing countries. Normally, low wages reflect low productivity, with the result that per unit labor costs may be as high as or higher than those in high-wage high-productivity centers; the latter's greater wage per worker is spread over

a larger volume of output, thus bringing down average costs. But where low wages reflect only low living standards and not low productivity, then output per worker is much higher—closer to that in the high-wage economy—profit margins are correspondingly greater, and the competitive position superior. Prices may not fully reflect the low wages, although the extra margin of profit gives the entrepreneur in the low-wage country a greater flexibility in pricing.

The situation can be made clearer if we spell it out with an example. Assume that the workers' real standard of living in Wealthia is four times as high as that of the workers in Pooria; this means that the former's consumption in real terms is four times as high (we are evading the problem of international comparability). Assume further that the two groups of workers are equally productive. Then if the representative Wealthia worker consumes, say, 60 percent of his output (in real terms), the representative Poorian will consume only 15 percent, the difference going to the other factors of production. Hence, no matter what wage rate is established in Wealthia, the Poorian producer can undersell, since his wage cost as a component of the total is always smaller than that of his Wealthian competitor.

Let us say that in identical factories in the two countries each worker produces 100 units daily of a "representative good." The daily wage of a Wealthian worker is equal to the selling price of 60 units, while that of the Poorian worker equals only 15 units. Since the plants are identical, capital costs per worker are probably the same in the two countries—say \$3.50 daily, or \$.035 per unit of output (it is possible that capital costs in Pooria would be lower, since some of the equipment may have come from other Poorian factories, employing the lower-wage skills of that area). Allowing a profit margin of 5 percent to the Wealthian producer, his total cost per worker per day on a selling price of \$.10 per unit is \$10—consisting of \$6 wages, \$3.50 capital costs, and \$.50 profit. In Pooria we will assume a selling price of \$.05 per unit, meaning a daily revenue of \$5 per worker. Since the worker

consumes only 15 units, his wage is \$.75 daily. Add the \$3.50 for the daily per worker capital costs, and it is clear that profits would amount to \$.75, or half again as much as in Wealthia.

If the Wealthian manufacturer tried to match the \$.05 per unit price, while his work force succeeded in maintaining real wages (purchasing power of 60 units of output per day), daily wages would drop to \$3,3 but with the given capital cost of \$3.50 he would confront a \$1.50 loss on his \$5 daily revenue per worker. Even if, in the long run, capital costs declined by the same proportion as money wages, that is, by 50 percent, or to \$1.75 per day -which would mean that all money wages, including those in the capital-goods industries, declined along with those in the industries under study-the profit margin for the Wealthian producer would be only \$.25, which is only one-third that of the Poorian competitor. And of course the latter could still undercut by accepting a somewhat smaller profit margin—say \$.40 per worker per day. This would reduce his selling price to \$.0465 against a Wealthian per unit cost of \$.0475 exclusive of profits. Actually, such a profit cut would permit lower money wages for the Poorian employee, and therefore an even lower selling price than \$.0465; otherwise the real wage would rise, a possibility ruled out by our condition of a perfectly elastic labor supply.

The competitive differential arises from the disparity in real wage rates. To maintain real wages, money wages in Wealthia must equal 60 percent of the value of output (inclusive of profit), but only 15 percent in Pooria. Only if the capital costs as a percentage of selling price were sufficiently higher in Pooria to offset the wage advantage would the undercutting end. This might occur, for example, if the inflow of capital to Pooria did not bring the interest rate down to its level in Wealthia. Otherwise Wealthia's only alternative, given free trade, is to lower its

³ This adjustment assumes that the prices of all consumer goods are being affected in the same way and degree as is that of the "representative good." To the extent that they decline less—rents, for example—then a higher money wage than \$3 would be necessary to maintain an unchanged real wage for the Wealthian worker, thus making the competitive position of the Wealthian manufacturer that much worse.

standard of living to that of Pooria: in the above illustration, wages would have to drop to 15 percent of the value of output. A rise in Poorian living standards would be equally effective, but here the population growth precludes such a development.⁴

While the above hypothetical example is an exaggeration of the problem, the implication is clear, especially for capital exporters like the high-wage United States. In recent years we have been running a current-account deficit, if we include within this the unilaterals, especially foreign aid. We have also been a capital exporter, both private and governmental. Most conspicuous has been the rash of new foreign plants that have been established throughout the world, often in areas with wages far below those in the parent country. Some of these new units are exporting to the United States—the type of development examined in this paper. In other words, the pressure on our reserves arising from the outflow of capital has been reenforced by the subsequent inflow of goods.

To the extent that the American plants abroad stimulate the demand for local labor and thus raise wage rates, the problem will be lessened. But if the ratio between the high-wage and the low-wage countries' real wages is significantly higher than the ratio of their per capital productivities, and if population growth prevents living standards from improving relatively faster in the low-wage area, then free trade and fixed currencies will lead to the low-wage countries capturing world markets and undermining the living standards of the more prosperous sectors. Only by insulating themselves from this competition could the high-wage countries minimize the erosion.

⁴The reader will note that the conclusions differ from those of Paul Samuelson in his *Economic Journal* articles some years ago ("International Trade and the Equalisation of Factor Prices," June 1948, and "International Factor-Price Equalisation Once Again," June 1949). The assumptions differ, however. Samuelson assumed that the factors of production do not migrate, and that the total supply in each sector is fixed. The present discussion, in contrast, assumes that capital does move, and that the population in the low-wage area is increasing. Note, however, his remarks regarding the possibility of complete specialization, pp. 178-80 of the 1948 article and pp. 193-95 of the 1949 article.

THE "INTERMEDIATE CLASSES" IN MARXIAN THEORY

BY DONALD CLARK HODGES

ALTHOUGH much of contemporary stratification theory is intellectually barren, the Marxian theory is a notable exception to the general rule that theories of social class are valuable primarily as essays in conceptual classification. Most of Marx's discussions of class are parts of larger studies analyzing the processes of economic, social, and political change. His theory of social classes is first and foremost a theory of class struggle, with conceptual analysis subordinated to an understanding of the dynamics of history. Class analysis, in Marx, serves to predict future developments, such as the emergence of a class-conscious labor movement under capitalism, the intensification of the economic struggle between capital and labor over wages and hours, and the ruination of the old intermediate class of small producers and traders as a result of the concentration and centralization of capital. Unlike the dominant tendency within contemporary stratification theory, Marxian class analysis is less interested in the prestige, status, rank, or honorific order of individuals, their style of life, family background, and social connections, than in their economic function and power to change the mode of production and distribution and to alter the course of future history.

The Marxian anatomy of classes is designed not only to predict the pattern of the future and to understand events of the past, but also to explain the social structure at any given moment in history. Again, this is not the intention of most contemporary works on stratification theory, which are primarily descriptive and classificatory rather than explanatory of social differences. Marx's theory of the social superstructure is based on his analysis of social classes, which is in turn a function of his theory of surplus labor. The producers of surplus produce, whose labor is exploited and whose products are appropriated, constitute the productive class in society, supporting by its weight the ruling class and its auxiliaries, including the entire superstructure of institutions and ideologies. The level of civilization attained at any given moment is a function of the degree of technological advance and the corresponding rate of exploitation of the class of productive laborers. In this light, the Marxian anatomy of civil society is the link between the economic structure and the political and cultural superstructures, valuable less for its formal analysis of social differences than for its explanation of the higher levels of human life.

The search for a principle of social classification in the writings of Marx and Engels poses the problem of the precise meaning of the terms used by them, such as "great classes" and "intermediate classes." In a misguided effort to make Marx's analysis appear "sophisticated," the overly scholastic Bukharin distinguished such additional categories as "transition classes" (which have emerged from a previous mode of production and are in process of disintegration); "mixed class types" (individuals who belong to more than one social class); and "déclassé groups" (categories of persons outside the outlines of social labor)—for which there is also some basis in the writings of Marx and Engels.² Actually, however, the latter were disinclined to make formal class analyses, preferring to analyze class relations under particular historical conditions. The absence from their writings of a formal theory of social classes has encouraged academic sociologists to reject the Marxian anatomy

² N. Bukharin, Historical Materialism: A System of Sociology, authorized translation (New York 1925) pp. 283-84. See Marx, "The Eighteenth Brumaire of Louis Bonaparte," in Karl Marx: Selected Works, vol. 2, p. 350, for Marx's use of the term "transition class"; ibid., pp. 369-70, for his discussion of déclassé groups; and Capital, vol. 3, pp. 1020-21, for his discussion of mixed class types.

¹ For the concept of "great classes" see Marx, Capital, Kerr ed. (Chicago 1906) vol. 3, p. 1031; Marx and Engels, Selected Correspondence, translated by D. Torr (New York 1942) Letter 18; and Engels, Ludwig Feuerbach, ed. by C. P. Dutt (New York 1941) pp. 50–52. For the concept of "intermediate classes" see Marx and Engels, The Communist Manifesto (New York 1932) p. 34; Marx and Engels, The German Ideology, ed. by R. Pascal (New York 1947) p. 11; and Marx and Engels, "Germany: Revolution and Counter-Revolution," in Karl Marx: Selected Works, ed. by V. Adoratsky and C. P. Dutt (New York 1933) vol. 2, pp. 45–46.

of classes as oversimplified, without bothering to understand its complexities. In reality, it is far more complex than is usually realized, although much less subtle than the scholastic interpreters of Marx would have it appear.

Marx and Engels used the term "class" in its objective signification (meaning class "in itself," if not necessarily "for itself") in several different senses, two of which occur repeatedly throughout their major works. In one of these senses, class is a social stratum distinguished not by any systematic or rational criteria but by conventional usage, and hence is defined by denotation and lacks a fundamentum divisionis; in this sense it includes "ideological classes," "servant class," "shopkeeping class," "class of freeholders," "dangerous class," petty bourgeois and peasant "classes," and the like.3 In the second recurrent sense, class is a group defined by its function in an historically definite system of production, as a relatum not of social relations of production in general or of property relations in particular, but of specific relations of exploitation, and hence is defined by connotation and, in principle, is capable of rational division in accordance with a fundamentum divisionis; in this sense it includes "slave owners," "slaves," "feudal lords," "serfs," "capitalists," and "wage laborers" (although the latter term is ambiguous in sometimes including, and otherwise excluding, supervisory workers and professional people paid in the form of a wage).4

Although groups are loosely designated as "classes" by Marx and Engels—in the informal and conventional senses in which they used this term—in a more precise sense their "classes" are divisible into exploiters and exploited (economic formulation) or, alternatively, into oppressors and oppressed (political formulation). This dichotomy of classes is an essential part of the theory of class

² Capital, vol. 1, pp. 487-88; "Germany: Revolution and Counter-Revolution," pp. 48, 62; "The Eighteenth Brumaire of Louis Bonaparte," pp. 414-15; The Communist Manifesto, pp. 20, 34.

⁴ Capital, vol. 1, pp. 561, 591; Marx, Value, Price and Profit (New York 1935) pp. 42-43; Engels, The Origin of the Family, Private Property, and the State (New York 1942) p. 160; Engels, Socialism: Utopian and Scientific, translated by E. Aveling (New York 1935) p. 69.

struggle in those works that were either originally designed for mass consumption or later adapted to the needs of mass propaganda: The Communist Manifesto, Wage-Labor and Capital, Value, Price and Profit, and Socialism: Utopian and Scientific. In their more theoretical works, Marx and Engels placed less emphasis on this popular dualism, and greater emphasis on the various intermediate strata in society. The result is a trichotomy of social classes based on the opposition of "ruling classes" (exploiters and oppressors), "intermediate classes," and "subject classes" (the exploited and oppressed).

For the purpose of explaining the superstructure of institutions and ideas in relation to the economic base, the Marxian dichotomy of classes is much too simple. Of greater sociological interest is the Marxian trichotomy of classes, in which the concept of "intermediate classes" is hardly less important than the concepts of "ruling" and "oppressed" classes. The comparative neglect of this concept by Marxian sociologists and the fact that it is so variously understood have led many of Marx's interpreters either to uphold the less nebulous, but popular, dichotomy of classes or to follow the lead of Bukharin in so formalizing the Marxian view that it bears little resemblance to the original.⁵ In order to escape from the Scylla of the facile interpretation and from the Charybdis of overly sophisticated interpretations of Marx, it is necessary to consider his trichotomy of classes in application to a given mode of production. With this in mind, let us consider the intermediate classes of bourgeois society and, in particular, their transitional character, composition, and auxiliary role as agents of a ruling class.

THE TRANSITIONAL CHARACTER OF INTERMEDIATE CLASSES Some Marxists have questioned the importance of intermediate classes in the Marxian class anatomy on the grounds that they are

⁸ Compare, for example, L. S. Feuer's "Introduction" in Marx and Engels: Basic Writings on Politics and Philosophy (New York 1959) pp. xviii-xix, with Bukharin's Historical Materialism: A System of Sociology, pp. 282-85.

in process of dissolution, that class antagonisms have become simplified under capitalism into a struggle between oppressors and oppressed directly confronting each other, and that the intermediate classes are not a decisive factor in revolutionary crises. However, in the first volume of Capital (p. 487) Marx comments on the increasing size of the body of unproductive laborers, thus noting an increase rather than a decrease in the size of intermediate strata, such as the ideological and servant "classes." In earlier modes of exploitation the portion of society that lived on the labor of others was "infinitely small compared with the mass of direct producers," but with progress in the productiveness of labor, that small portion "increases both absolutely and relatively" (p. 562). Elsewhere Marx criticized Ricardo for overlooking "the continual increase in numbers of the middle classes, . . . situated midway between the workers on one side and the capitalists and landowners on the other"; although these intermediate classes are exploited and oppressed, they in turn "rest with all their weight upon the working class and at the same time increase the social security and power of the upper class." 6 Marx also noted the "great importance" of the "class" of petty tradesmen, which, far from being politically insignificant, is sometimes capable of leading an insurrection.7 Even more striking is his reference to the German peasantry as a "great class," 8 which would seem to raise it to the level of the "great classes" discussed in the unfinished chapter on classes in Capital. Since the concept of "intermediate classes" can be illustrated by examples from all modes of exploitation (the class of plebeians under slavery, the class of armed retainers or vassals under feudalism, and the petty bourgeoisie under capitalism), it is an indispensable instrument of class analysis for understanding all forms of "civilization."

Intermediate classes are transitional classes, in the Marxian

⁶ Karl Marx: Selected Writings, in T. B. Bottomore and M. Rubel, eds., Sociology and Social Philosophy (London 1956) pp. 190-91; the citations are from Marx's Theorien über den Mehrwert (Stuttgart 1905) vol. 2, Part 2, p. 368.

^{7 &}quot;Germany: Revolution and Counter-Revolution," p. 138.

⁸ Ibid., p. 48.

view, which means that they are either "rising" or "declining." The problem is to determine the limits of their rise and fall, and the principal stages in their development. In describing the ascension of the bourgeoisie to power, Marx distinguished four stages in its development: first, an "oppressed class" under the sway of the feudal nobility; second, a "self-governing" class in the mediaeval commune or, alternatively, an "independent" class in the citystates of Italy and Germany or a "third estate" under the absolute monarchy; third, an agent of either the semi-feudal or absolute monarchy against the nobility; and finally, a new ruling class, in which the state is "but a committee for managing the common affairs of the whole bourgeoisie." 9 The second and third stages represent different periods in its position as a class intermediate to the feudal landowners and serfs (hence the appropriateness of the term "middle class" in designating its relative position to other classes).

The bourgeoisie constituted a "middle" class in a dynamic sense in having emerged out of an oppressed class of serfs, as the burgesses of the earliest towns. Since it failed to conquer political power, it continued to be oppressed in the form of taxes, while at the same time it acquired "rights of oppression" over the class of free laborers recently emancipated from serfdom. As an intermediate class the bourgeoisie served as an auxiliary both of the nobility (in providing "taxable" revenue and a market for the surplus produce of manorial estates) and of the state power (in its struggle to acquire independence from the feudal nobility during the absolute monarchies of the seventeenth and eighteenth centuries).10 However, as soon as the bourgeoisie conquered political power it ceased to be an intermediate class, and thus the term "middle class" now applies only to the petty bourgeoisie and to the "new middle class" of salaried and professional employees of capitalism.

Bukharin conceived of intermediate classes as occupying a

The Communist Manifesto, pp. 10-11.

¹⁰ The Origin of the Family, Private Property, and the State, p. 157.

middle position between the exploiting and exploited classes, and as a necessary part of a given society rather than a remnant from some previous order.11 As an example he cited the technical mental workers in capitalist society. The objection to Bukharin's definition is the hard and fast line drawn between the concept of intermediate classes and that of transition classes. Artisans and peasants are cited as examples of transition classes (but not of intermediate classes), since they have emerged from a feudal order of society and are in process of disintegration under capitalism. In contrast, Marx classified the petty bourgeoisie-a class essentially unstable or "fluctuating between proletariat and bourgeoisie"as both an intermediate class and a transition class, and characterized a transition class as one "in which the interests of two classes are simultaneously deadened," with the result that the member of such a class imagines himself "elevated above class antagonism generally." 12 Since this latter description also fits members of an intermediate class, it was apparently intended not to distinguish intermediate from transition classes but to characterize both. Elsewhere Marx notes that "middle" and "transition" stages obliterate all definite boundaries between classes.18 Although this blurring of distinctions does not preclude class analysis, it complicates the task of analyzing intermediate classes precisely because of their transitional character.

THE COMPOSITION OF INTERMEDIATE CLASSES

In their analysis of intermediate classes Marxian sociologists have focused attention on the group of small-propertied producers and traders, to the comparative neglect of the "new middle class" of salaried employees. Yet the bulk of the middle classes under monopoly capitalism consists of wage laborers rather than the self-

¹¹ Historical Materialism: A System of Sociology, p. 283. In the English translation they occupy a middle position between "the commanding and exploiting classes"—an obvious erratum.

¹² The Communist Manifesto, p. 34; "The Eighteenth Brumaire of Louis Bonaparte," p. 350.

¹⁸ Capital, vol. 3, p. 1031.

employed. That both productive and unproductive wage earners may be included within the intermediate classes is indicated by Marx's description, in Capital, of the quasi-military organization of modern industry. The labor of superintendence is delegated to a special kind of wage laborer: "An industrial army of workmen, under the command of a capitalist, requires, like a real army, officers (managers), and sergeants (foremen, overlookers), who, while the work is being done, command in the name of the capitalist" (vol. 1, p. 364). The laboring population is divided into "operatives" and "overlookers," the latter being indispensable to the barracks discipline inside the factory (vol. 1, p. 463). These "sergeants" of the industrial army may be exploited themselves, but they also perform "labor of exploitation" by helping to exploit other workers. On the one hand, their "wages of superintendence" represent payment for productive labor (in the sense of labor that either produces or realizes surplus value for the capitalist); on the other hand, their wages represent payment for exploiting other laborers by performing the work of the capitalist (vol. 3, p. 451). Technical mental workers, such as engineers and technicians, may also be used to supervise the labor of operatives (although their exercise of special skills is normally distinct from labor of exploitation). Some of these workers belong to the proletariat, and the rest to an intermediate class that indirectly exploits, at the same time that it is exploited.

This interpretation of "intermediate classes" excludes from the composition of the modern proletariat not only productive workers in a supervisory capacity but also the so-called "commercial proletariat" (vol. 3, p. 355, n. 40). Although the bulk of commercial wage earners do not perform labor of supervision, they nonetheless perform the work of the capitalist, namely, the labor of realizing surplus value (as distinct from the labor of producing it), which is an indispensable part of the labor of exploitation. Like productive workers in a supervisory capacity, commercial wage earners constitute the "office staff" of the exploiting capitalist (vol. 3, p.

352). Since their labor does not produce value, but only realizes it for the capitalist, their wages constitute a share of the profits (vol. 3, p. 342). Commercial wage earners are exploited in a different manner from productive laborers, which suggests that they also belong to a different class. The formula for the rate of exploitation of productive labor is surplus value divided by variable capital, whereas the formula for the rate of exploitation of unproductive labor is unpaid labor divided by paid labor. To cite Marx's example, the commercial wage earner may receive in wages the value of the product of only eight working hours, when he performs his function in ten hours (vol. 2, p. 150). Since the expenses of circulation are thereby reduced by one-fifth, from ten hours to eight, the commercial wage earner is exploited at a rate of two hours of unpaid labor divided by eight hours of paid labor, or a rate of 25 percent.

So interpreted, the army of wage laborers does not constitute a single class, and the proletariat is not coextensive with it. The so-called "commercial proletariat," along with supervisory workers in the sphere of production, belong to an intermediate class. In part, this is confirmed by Marx's definition of the proletariat in The Communist Manifesto (p. 15) as "a class of labourers, who live only so long as they find work, and who find work only so long as their labour increases capital." The meaning of the expression "increases capital" is clarified in another of Marx's works, where wage labor is conceived in terms of labor power that, by exchanging for capital, increases the amount of accumulated labor.14 Since the labor power of commercial workers is not convertible into variable capital, it produces neither commodities nor value. Although the bourgeoisie has "converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage-labourers," as The Communist Manifesto puts it (p. 11), these "wagelabourers," are not as a general rule productive of capital, and consequently are excluded from the proletariat by Marx's defi-

¹⁴ Marx, Wage-Labour and Capital (New York 1933) pp. 28-32.

nition; and supervisory workers in the sphere of production are also excluded, since proletarians not only are exploited by the bourgeois class and by the bourgeois state, but also are daily and hourly "enslaved" by bosses and foremen, who do the work of the capitalists (p. 16).

THE AUXILIARY ROLE OF INTERMEDIATE CLASSES

A question of major importance for Marxian class analysis is whether intermediate classes constitute an independent force under capitalism or a force dependent on the major class struggle between bourgeoisie and proletariat. Although the petty bourgeoisie is a separate class from the bourgeoisie, it is, according to The Communist Manifesto (p. 34), "a supplementary part of bourgeois society." In "Germany: Revolution and Counter-Revolution" (pp. 45, 46) Marx notes that the "intermediate position" of the small trading and shopkeeping class between the proletariat and the larger capitalists, traders, and manufacturers ("the bourgeoisie, properly so-called") is what determines its character as a class; members of this class are unstable and unreliable in their political sympathies precisely because they are drawn in opposite directions by the classes immediately above and below them. Elsewhere Marx notes that the transformation of the ancient ruined plebeian small peasantry into a proletariat (like the peasantry, in an intermediate position between propertied citizens and slaves) prevented it from achieving an independent development.15 With few exceptions, a major characteristic of intermediate classes is their lack of any independent development as a class, with the result that they seldom rise to the level of "great classes," but are fundamentally auxiliaries (hence the expression "petty bourgeoisie") of the ruling classes in society.

Yet artisans and peasants appear to be independent, especially those who are neither wage earners themselves nor employers of the labor of others. If they neither exploit nor are exploited, then

¹³ The German Ideology, p. 11. See Marx's Preface to the second edition of "The Eighteenth Brumaire of Louis Bonaparte," p. 313.

it is difficult to understand how they are involved in the class struggle between capital and labor. Indeed, Marx notes in The Communist Manifesto (p. 34) that at least one intermediate class, the petty bourgeoisie, constitutes "an independent section of modern society." This contention is elaborated in his Theories of Surplus Value.16 In producing commodities for the market the members of the petty bourgeoisie "meet me as sellers of commodities, not as sellers of labour, and this relation has therefore nothing at all to do with the exchange of capital" (p. 191). Their labor "does not fall under the capitalist mode of production," and thus it is neither productive nor unproductive (p. 192). The self-employed peasant or artisan is sometimes regarded as two distinct persons: a capitalist in his role of proprietor; and a proletarian in his capacity as his own laborer. But it is obviously nonsense to say that he exploits himself, since the means of production become capital "only in so far as they have become an independent power confronting labour" (p. 193).

That this problem is less simple than it appears is indicated by the fact that the peasant or artisan is able to appropriate the whole product of his labor not in his capacity as a laborer but only as an owner of means of production. In a sense his means of production confront him as a distinct power in his role as a mere laborer, whence "arises his relation, as his own capitalist, to himself as wage worker" (p. 193). When a single person unites these functions that are normally separated, he does not transcend the class struggle between capital and labor, but finds himself divided between the two camps. The tendency of economic development is toward a division of functions, with the result that the artisan or peasant is gradually transformed either into a small capitalist who exploits the labor of others or into a wage worker without his own means of production, such as the farmer who, as a result of mortgage, has ceased to be the real owner of his land and remains only its nominal owner (pp. 193-94). The dynamic tendencies of capitalist

¹⁶ Marx, Theories of Surplus Value, translated by G. A. Bonner and E. Burns (New York 1952).

production lead to the disappearance of such "independent strata," and hence all production tends to acquire a capitalist character. Intermediate classes find themselves pushed into one or another of the two basic camps in the class struggle, and thereby their own nature as classes is determined. Considering the tendencies of capitalist development, Marx writes, in the same work (p. 194), "all workers engaged in the production of commodities are wage workers, and the means of production in all these spheres confront them as capital."

The auxiliary and subordinate function of intermediate classes was analyzed in detail by Lenin. The petty bourgeois was defined by him as a small producer working for the market under a system of commodity production, and thus the concept "includes both the peasant and the handicraftsman," as well as small traders and shopkeepers.¹⁷ Although this class is mercilessly exploited by landowners, usurers, and the bourgeois state, its appropriation of a part of the social means of production and its application to private enterprise (organized for the sale of commodities on the market) are the fundamental features that distinguish it from the proletariat. A major difference between these two classes is the difference in their exploitation relations to the class of capitalists. The relation of employer to worker, for example, is a basic or direct form of exploitation, whereas that of landlord to tenant-farmer, and that of bankers to small-propertied producers, is a derivative or indirect one. On the one hand, "everywhere and always the great majority of the petty-bourgeoisie toils and is exploited" (in a commodity-producing society, according to Lenin, "small tradesmen and artisans toil and are exploited in exactly the same way as the . . . peasant who, without employing any labourers, lives by his own labour and by the sale of agricultural produce"). On the other hand, the petty bourgeoisie derive their living from the

¹⁷ Lenin, "The Economic Content of Narodism and the Criticism of it in Mr. Struve's Book," in Selected Works (New York n.d.) vol. 11, p. 611. For the remainder of the analysis in this paragraph see Lenin, "Vulgar Socialism and Narodism Revived by the Socialist-Revolutionaries," *ibid.*, vol. 2, pp. 198-201 passim.

private ownership of means of production and by producing for a market, thereby supporting the foundations of the bourgeois order and the whole apparatus of bourgeois exploitation. Besides, the petty bourgeoisie are not a static class, but partly an incipient bourgeoisie, and thus there is a "real tendency of the working peasant towards becoming a small employer."

Like Lenin, Bukharin ¹⁸ did not conceive of the small peasantry as a distinct class, but saw it rather as a stratum of the petty bourgeoisie. Although self-employed artisans and small peasants are distinguished by the ownership of different factors or means of production, this distinction is the basis of their division into distinct strata rather than into separate classes. Among the urban petty bourgeoisie Bukharin also included "the minor intelligentsia comprising the salaried, and the lesser officialdom." In contrast, the "major intelligentsia," consisting of university professors, successful lawyers and authors, factory managers, and educated people in positions of authority, belong on a higher level as a stratum of the bourgeoisie.

The concept "petty bourgeois" was used somewhat differently by Marx and Engels. It did not include the "middle peasant" or "small peasantry," but was contrasted with the latter. Their repeated references to "peasant and petty bourgeois," and their use of the plural "classes" and "intermediate classes" to refer to both, indicate a narrower use of the term than that of either Lenin or Bukharin. Instead of a single intermediate class there are two "middle classes" under capitalism: the urban petty bourgeoisie of small traders and artisans ("the anti-feudal middle class of the towns"); and the class of "small farmers" in the countryside. Although sometimes, as in *The Communist Manifesto* (p. 17), the term "middle class" was used to include "the small tradespeople,

¹⁸ N. Bukharin and E. Preobrazhensky, The ABC of Communism, translated by E. and C. Paul (London 1922) pp. 87-88.

¹⁹ See The Communist Manifesto, p. 34; Marx, "The Class Struggles in France," in Karl Marx: Selected Works, vol. 2, p. 194; also "The Eighteenth Brumaire of Louis Bonaparte," p. 415.

^{20 &}quot;Germany: Revolution and Counter-Revolution," pp. 47-48.

shopkeepers, and retired tradesmen generally, the handicraftsmen and peasants," the term "petty bourgeoisie" was conceived as representing an essentially urban class.

Far more fundamental, however, than Marx's and Engels' particular usage of the term "middle class" was their classification of both peasants and urban small-propertied producers and traders as intermediate to the bourgeoisie and the proletariat. Whether the petty bourgeoisie, small peasantry, and minor salariat constitute three distinct middle classes of capitalist society, or merely three distinct strata of the same intermediate class, is a problem beyond the purpose of this essay. I am here concerned less with the number of intermediate classes or middle strata in society than with the concept of "intermediate class" itself as a fundamental tool of class analysis.

THE ACQUISITIVE URGE: A PROBLEM IN CULTURAL CHANGE

BY JUSTUS M. VAN DER KROEF

Among the many complex factors that accompany the cultural and social change of long isolated peoples in our time, perhaps none is so important as that thoroughgoing alteration of tastes and values which prompts a material transformation of the society. How to reach a psychological and cultural plateau of sustained motivation, from which the economic development of the society can "take off" and proceed in accelerating fashion by means of its own new dynamics, is no less a question in the desired modernization of production than the availability of technological facilities and natural resources. Whatever the psychological motivation, a certain degree of individual or collective acquisitiveness, in the sense of a desire for the material aspects of the modernization process, is probably indispensable to the success of the economic development schemes being carried out in various parts of the world today. The presence or absence, and the character, of such an acquisitive tendency in the indigenous society can affect the development process so significantly that the existing pattern of cultural dynamics should receive close preliminary analysis before any modernization is contemplated. Three case studies may serve to exemplify these contentions.

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Our first concern is with the so-called *kain timur* complex of the Mejbrat,¹ a culturally distinctive Papuan group whose members

¹ Data in this section on the Mejbrat and kain timur have been derived, unless otherwise indicated, from J. Pouwer, "Het Vraagstuk van de Kain Timoer in het Mejbratgebied (Ajamaroe-Meren)," in Nieuw Guinea Studien, vol. 1 (1957) pp. 295-319; H. G. Barnett, "Peace and Progress in New Guinea," in American Anthropologist, vol. 61 (1959) pp. 1013-19; J. Dubois, "De Kain Timoer Revolutie in het Maibratgebied," in Nederlands Nieuw-Guinea, vol. 8, no. 1 (January 1960) pp. 14-17.

are located in the Lake Ajamaru region of Dutch-held West New Guinea. The Mejbrat, who are traditionally extremely mobile, live in settlements of from six to twenty persons, focused on the nuclear family. The shifting cultivation pattern of food crops necessitates moving of the small settlements, which serve as laboring units. Like that of other Papuan groups, Mejbrat social structure gives an "uncrystallized" impression, somewhat ad hoc and uncompleted.2 It is based on a patrilineal clan system, with sub-clans, lineages, and family groupings, but considerable irregularity appears, because of the possibility of matrilocal as well as patrilocal marriage arrangements, the comparatively wide geographic spread of family groupings over lineage territory, and the unstructured process of leadership. Instability is enhanced by a highly developed sense of individual property rights, which not only involve the nuclear families but extend all the way to exclusive disposal rights of sub-clans and lineages over land; real or imagined interference with these rights leads constantly to quarrels and fighting. The role of magic in Mejbrat society provides a further source of instability; magic alerts the Mejbrat to the slightest unusual incident and casts a pall of suspicion and vindictiveness over social relationships.

Since the clearing of fields and other economic activities cannot always be performed by the small settlement alone, group assistance by relatives is common, and this tendency, along with the exchange requirements of the connubium, strengthens an extensive reciprocity pattern, observable also on the occasion of the frequent feasts that must be given. The cultural focus of the Mejbrat is undoubtedly this reciprocity and exchange mechanism, in which different kinds of *kain* (cloths) play a dominant role. Exchange is of two types: the giving of certain *kain* for which one receives no other *kain* in return, but instead obtains food, land, services (such as shamanistic attention), satisfaction

² The Papuan, as one authority has said, seems to be forever "improvising new combinations of the elements in his culture" without "taking the trouble" to develop these culture patterns "to a complete and finished form." See G. J. Held, *De Papoea Cultuurimprovisator* (The Hague and Bandung 1951) pp. 51-55.

of a debt or penalty, or even a wife; and the exchange of cloth for cloth. The latter is the *kain timur* complex proper, and its principal objective is not so much material gain as the enhancement of social prestige.

The Mejbrat distinguish between sacred and secular cloths, either of which may be involved in either type of exchange transaction. The sacred cloths, said to be of mythical origin, are used primarily in the ancestral cult, for example to establish contact with the dead or to perform certain therapeutic functions. They are differentiated according to size and texture, and vary much more than secular ones. To complicate matters even further, a tacit distinction is made today between cloths originally obtained from East Indonesian traders or from Papuan groups, regarded by the Mejbrat as "Eastern humans" (hence the term kain timur, "Eastern cloth"), and other kinds, called kain toko ("shop cloth"), which are purchased directly in small shops in the Mejbrat area or from Chinese vendors. The former are used in ceremonial exchange, while the latter, generally considered less valuable, were until recently used primarily for wearing apparel. But in practice the kain timur complex refers to the entire cloth-exchange mechanism of the Mejbrat. It is well to emphasize that the use of kain timur does not reflect an extensive trade relationship between the Mejbrat and East Indonesia. The contrary is true. Kain timur only trickles into Mejbrat society, and at comparatively infrequent intervals, by means of a chain of coastal traders or through barter with neighboring Papuan groups. Recently, with the appearance of small shops, kain toko has become relatively more abundant.

Exchange, then, is the heartbeat of Mejbrat cultural life. Cloths are essential to pay penalties, to atone for accidental death (few deaths are believed to be natural), to construct various special feasting and gaming huts, which are the scenes of further ritualized exchanges. They are essential above all in the connubium. Courtship and marriage arrangements involve payment of a preliminary gift, or bride price, exchange of gifts in confirmation

of the marriage, and a number of additional presentations by the husband for the wife's pregnancy, the delivery of a child, the wife's death, and crisis ritual occasions of sons. An extraordinarily heavy burden may thus be placed on the husband, and his indebtedness to his wife's relatives may well last a lifetime.

But the husband is not without means of restitution. Indeed, his wife's relatives or other creditors, invited by him to certain semi-religious festivities that need not be considered here, are expected to part with some kain, thus repaying his outlay of cloths. The repayment may well involve an additional gift to the husband as a kind of "interest." Even when the husband is called on to make the cloth payment due at the birth of a child, his wife's relatives may reciprocate. On these and other festive occasions the cloth has the character of a "play gift" or rura, as the Mejbrat say. The word rura literally means "birdman," and, as Pouwer indicates, it clearly reveals the actual play element in the exchange gift: "the play gift must go around and around as a bird among men. It must always be on its way, be in circulation."

The pattern of exchange obligations makes the Mejbrat extraordinarily acquisitive; the bridal and marriage gift requirements alone structure Mejbrat social relations in such a way as to make the payment of gifts and the collection of outstanding debts the principal social dynamic. Ownership of cloth, especially *kain timur*, is the abiding social objective and the chief criterion of social distinction.

With all this there developed a group of *kain timur* financiers who in effect dominated and manipulated all social relations. They are designated by the term *bobot*. Originally this word referred to clan and sub-clan heads, who, because they were said to have special competencies in dealing with the spirits of the departed, possessed most of the sacred cloths used in the seances with the dead (headmanship is passed, along with the sacred cloths, from father to eldest son). But since exchange of secular cloths permeates all of Mejbrat society, a situation soon

arose in which enterprising individuals with a lot of secular cloths were able to obtain sacred cloths from persons who had these but few secular ones and could be pressured into paying off their debts by parting with a sacred cloth. Thus there arose a class of bobot "nouveau riche," who in effect became as socially important as the traditional clan and sub-clan chiefs.

But other avenues to "financier" status were open, in which the factor of individual enterprise played an equally important role. A Mejbrat might begin by simply providing food and drink to feast organizers in exchange for cloths. Having thus accumulated a little "capital," he might lend this to an important bobot who was short, and who was expected, when he repaid, to add a hand-some "interest" on his loan, not least because of his important social status. Thus a would-be bobot might find himself a rich and influential person simply by timely lending and by persistence in collecting debts.

In view of the important role of magic in Mejbrat society, and the institutionalized vindictiveness and suspicion it fomented, it was probably inevitable that the financier element came to be merged with that of the feared gangster, whose warlike prowess is reflected by his title of kapala parang ("head knife"). Virtually every death was held to be caused by some human agent, and atonement or retribution by the alleged perpetrator was called for—perhaps even his own death. To meet the problems imposed by the suspicion and revenge that might thus periodically confront him, a Mejbrat could either kill repeatedly, whether in self-defense or in retaliation, and thus begin to acquire kapala parang status himself, or else seek the protection of a kapala parang—thereby in effect entering into some kind of vassalage relationship with him, providing him with goods as needed. As a result, the kapala parang become himself a kind of bobot.

Thus magical compulsion and economic necessity intertwined to make Mejbrat society essentially a system of warlike, feudal capitalism, centering around the *bobot*, whose stock of *kain timur* gave him power over life and death. The Mejbrat who turned

to him for a loan entered the ranks of vassals and debtors, and could be manipulated to acquire still more hain timur for the bobot, or even to do murder for him. A common course was to overload the debtor with additional gifts and bounty, thus not only increasing his burden but making him feel thoroughly ashamed and impelling him to redouble his efforts to repay. Persistent inability or refusal to repay could lead to more serious sanctions, however, including the application of magic. Sometimes wives and children of recalcitrant debtors were kidnapped by the creditor and exchanged with other traders, for cloths; these hostages could be handed down again and again, and were treated in effect as slaves.

Beginning in 1935 the Dutch authorities moved into the Ajamaru region more decisively than hitherto, with the object of bringing peace to this vengeful and warlike little world and encouraging a more sedentary form of communal life. As in other areas of West New Guinea, "pacification" initiated important social changes and activated new expectations of material betterment. At the same time a constellation of interrelated factors was increasing the importance of the acquisitive mechanism in Mejbrat culture. With the outbreak of World War II, no new kain timur was imported, but the demand tended to increase as a result of the Dutch pacification, for more opportunity was afforded to travel and to participate in the play and festive occasions during which play gifts are exchanged. Greater security decreased the need to place oneself under the protection of a kapala parang or otherwise to counter the various forms of institutionalized vindictiveness, and thus, as Barnett has put it, "More men had more time to become involved in complicated financial deals that left no one solvent and made everyone a high pressure bill collector." The increased preoccupation with exchange transactions led to quarrels, and even to a neglect of food cultivation. Since the value of bridal gifts rose sharply with the increased demand for cloths, the marriage rate declined. Government taxes were slow in being paid, for the population

regarded payment of *kain timur* obligations as more important; the Dutch authorities brought heavy pressure to bear on the Mejbrat they had appointed as village chiefs, thereby often placing them in a difficult position, as mediators between two cultures.

Under continuing government pressure the *kain timur* complex and much of its attendant violence appeared for a while to be declining. New commodities, from kitchen utensils to agricultural implements, were introduced, and government spokesmen began to make propaganda against the *kain timur* obligations. Schools and new patterns of community living began to exert an influence. An expectation of important changes stirred Mejbrat society. By 1954 a number of settlements even went so far as to make a bonfire of their *kain timur*, and seemed to have forsworn the traffic in the old cloths. Marriages increased in number, more and more Mejbrat seemed to become preoccupied with other modes of economic behavior, the settlements became permanent fixtures, and school attendance grew, while the power of the *bobot* waned.

But these developments crossed other trends, which were retrogressive and socially disorganizing. For example, in Mejbrat belief the ancestral spirit world is closely connected with the welfare of the living, but abandonment of the kain timur affected the ancestral rituals and cults of the dead, in which the cloths had played an important part; thus the occurrence of minor natural calamities was now explained in terms of the displeasure of the ancestral spirits. Perhaps even more serious was the fact that the high pitch of expectation, coupled with a readiness to embrace the new as soon as it would be made available, could not be sustained. The road to twentieth-century modernity is arduous for the Papuan, and his hopes outran his ability to realize a new, frankly materialistic way of life overnight, within the context of the limited Dutch development effort for the area. Threats began to be heard by chiefs that the kain timur complex would be revived, because "progress still has not come."

Today, caught in a maelstrom of doubts, the young Mejbrat are

confused and the older generation asks where the tractors and the automobiles are that were once so confidently expected. Inevitable disappointment in the slowness and the disorganizing effects of material development, quite common in many parts of West New Guinea, has begun to express itself in a partial reappearance of the *kain timur* complex, but with greater use of *kain toko*. Pouwer notes that the sale of textiles among the Mejbrat has begun to increase phenomenally, with a veritable run on the cloth supply of the government shop in the area. Much of the purchased *kain toko* is no longer being used for wearing apparel, being saved as potential capital in exchange transactions.³

How far the kain timur complex will reappear is hard to say, but the reason it is retaining its appeal is not difficult to see. It is the hub of Mejbrat cultural life, the point where ancestor worship, ritual (as in the play-gift pattern), the connubium, and traditional mechanics of achieving status all converge. It is, so to speak, the cultural identity of the Mejbrat, and it inevitably takes on a new significance when experimentation with the foreign world of Western cultural influences has turned out to be disappointing and status ambitions cannot be satisfied. Other Papuan cultures of Western New Guinea have similarly reverted to their respective cultural identities when similarly confronted with a once all-attractive but soon disappointing and unsettling Westernization process. Such regression is often impelled by a messianic hope involving the return of a lost golden age or the appearance of a sudden bounty of modern commodities provided by the ancestors.4

In short, the existing acquisitive mechanism of the Mejbrat could not function in a process of materialistic modernization, and hence it failed to be significant in promoting the new value

⁸ J. Pouwer, "Cultuurverandering en Bevolkingspolitiek in Nieuw Guinea," in Nederlands Nieuw-Guinea, vol. 8, no. 2 (March 1960) p. 23.

⁴ See J. M. van der Kroef, "Patterns of Cultural Change in Three Primitive Societies," in Social Research, vol. 24, no. 4 (Winter 1957) pp. 427-56, and "Culture Contact and Culture Conflict in Western New Guinea," in Anthropological Quarterly, vol. 32 (1959) pp. 134-60.

orientation brought in under Dutch aegis. As a result, Mejbrat acquisitiveness is reverting to its traditional, more fully understood, and—despite its strains—more satisfying pattern.

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A culture with comparatively no traditional acquisitive mechanism may also respond negatively to Western cultural innovations, and accentuate instead a non-acquisitive, communistic, almost ascetic mode of existence, in which demands for modernization fall on deaf ears and individualism in economic life is felt to be abhorrent. This was the case in the so-called Samin movement of North-Central Java, which despite many vicissitudes has managed to win adherents to this day, combining traditional patterns of rural collectivism with modern communism.⁵

The Samin movement had its inception in the 1890s in the Rembang district of the coastal plain of North-Central Java. Samin (or Surontiko), originally a simple villager, acquired a certain aura of veneration among his fellows because he had seen visions and heard voices that vaguely exhorted him to found a new religion, called agama nabi Adam (religion of the prophet Adam). This in itself, it may be noted, was not unusual, for since ancient times the Javanese have produced teachers and soothsayers whose apocalyptic prognostications and general aura of holiness have enriched the island's religious life and expectations. Samin's agama appears to have been at first a simple, quietistic pacifism. The life of the peaceful contemplative was held up as ideal. One should stay away from the attractions of the world, refrain from adultery, exercise patience to the utmost, one should not lie or requite evil with evil, and so on. Only food and money earned by one's own labors were worthy of man, but if asked for them by another, one should freely give away all possessions. Until about 1905 this simple doctrine, liberally

⁵Data in this section on Saminism have been taken from Mededeelingen Omtrent Enkele Onderwerpen van Algemeen Belang (Batavia 1919) pp. 9-10; "Saminisme," in Encylopaedie van Nederlandsch-Indie (The Hague and Leyden 1919) vol. 3, pp. 683-84; and Suhernowo et al., Golongan Masjarakat Samin (Jogjakarta 1955).

mixed with Javanese animistic beliefs and spiritual practices, found comparatively few followers, and the Saminists avoided all contact with the authorities.

Then, quite suddenly, a militant primitive communism began to dominate Samin's teachings, and also an anarchistic note was heard. Samin condemned all public authority except what his fellow villagers voluntarily imposed on themselves. All land should be held in common, and acquisition of fields for exclusive private use or to gain riches at the expense of another was declared to be unmitigated evil. Nearby government-owned forests should not be kept inviolate, but should be freely opened to all men for their equal benefit. The old village principle of spiritual equality and extensive mutual assistance was reaffirmed, and was held to call particularly for free and unencumbered communal ownership of all arable land. Taxes on land were condemned. The refusal to pay land taxes, along with Saminist resistance to rendering the newly imposed individual services for the upkeep of the village as required by law, soon led to government action. Samin and a number of his followers were arrested and exiled to Sumatra. But the movement had already spread through much of Central and East Java, and resistance, even violence, continued. After disturbances in 1914-15, the Dutch were compelled to exile additional Saminists. Even then the movement by no means died; in 1917 there were some 2300 Saminist "heads of families," according to a government inquiry. It merely enhanced its isolation by having its followers live together in the smaller and less accessible hamlets. Known as wong sikep ("aloof people"), the Saminists were left alone by their Indonesian contemporaries. To the end of the Dutch colonial era in 1941, there were difficulties with payment of taxes and communal services.

The advent of the Saminist movement coincided with a marked increase of intervention by government institutions—part of a general expansion and intensification of Dutch authority throughout the Indonesian islands, begun in the 1890s. Not only in Java

but also in such areas as Borneo, Sumatra, and the Celebes the traditional policy of indirect rule and non-intervention was strongly modified by new policies sustained by a Dutch vision of a "Greater Netherlands" and of "planting the Dutch flag more deeply" overseas, as popular expressions of the day had it. In rural Java, as in other parts of Indonesia, this rather abrupt change of policy aroused strong reaction. Earlier in the century, in the so-called Java war (1825-30), the Javanese aristocracy had made its last desperate but futile stand against the inroads of Dutch sovereignty. After the aristocracy had been rendered pliable, closer supervision over the village masses was made possible, but by and large the village folk culture was not fundamentally attacked. Now, at the turn of the century, increased emphasis on roads, schools, hospitals, cooperatives, credit, and agricultural services, along with a ceaseless experimenting with different units of government, began to shake rural society to its foundations. A new dynamic spirit of self-betterment was to be developed-Dutch officials of the period somewhat cynically referred to themselves as "uplifters"-in which individual worth and personal initiative were to play major roles.

And up to a point the new "ethical policy," as it was usually referred to, was a success. There did occur a quickening of the indigenous entrepreneurial spirit. Under the influence of Reform Islam, Indonesian retail trade and small industries experienced a revival. Also, as the number of Western-educated Indonesians increased, the first expressions of political nationalism were not long in coming. The new spirit of acquisitiveness found expression in early Indonesian nationalist congresses, where participants hotly discussed when capitalism should be considered "sinful" and when not.

But in Java, especially, this policy of "uplift" and individual advancement could not but collide with the communal traditions of rural society. Neither the idea of progress, certainly not in its materialistic sense, nor aggressive individualism has a place in these traditions. The old Javanese village was a world unto itself, in which the land, the people, and the food they cultivated stood in a religiously sanctioned relationship that influenced the total range of human behavior. Values were in a real sense "otherworldly," for the moral precepts attached to the deified ancestors were decisive. Land usually belonged to the village as a whole, with designated members enjoying the right of usufruct, on rotation, and with strangers or newcomers barred from or greatly restricted in land use. Individual enterprise obeyed stringent overcapping communal controls; money was viewed as a cumbersome necessity that must be periodically obtained "on the outside" (by rendering services or selling produce outside the village), for making money off one's neighbor would flout the communal sense of propriety. Extensive patterns of mutual assistance prevailed in the clearing of new fields, in cultivation of crops, in times of natural calamity or sickness or death. The world did not progress; the best it could do was to stand still, that is, to preserve its traditional magic balance with the many forces of the supernatural. Only careful obedience to the customs of the hallowed ancestors would keep or bring back the idealized stasis condition called toto tentrem, "peace and order in harmony."

In this self-contained village world the modernizing changes brought about under the colonial aegis found no sympathy, and no institutional realignment between the old ways and the new seemed possible. Here, in the Javanese village society, the new could make headway only at the expense of the old. Village schools, roads that broke down isolation, monetization of economic life—all these meant a rupture of the communal traditions. Not custom but novelty, not mutual assistance but cash income, not stasis but an isolation-breaking dynamism were the ideals of the new order, and in due course they overturned the traditional social economy. Most of the evils that plague Javanese rural society today had become fully grown by the beginning of the present century: extensive indebtedness (inevitable, in many cases, because of the necessity to pay taxes); breakdown of communal

protection; progressive land concentration and individuation of ownership, leading in turn to a further proletarization of other villagers without land; shortages of land as uncleared wooded areas were placed under exclusive government protection to prevent erosion; new and time-consuming maintenance services required of all male villagers; and so on.

In the North-Central plain of Java, where Saminism emerged, the specific grievances of the population can be seen in that framework. This region, the heartland of ancient Javanese cultural traditions, had perhaps kept the old patterns of magico-religious communalism longer than any other part of the island. Now the villagers had difficulty getting wood for fuel, and were prevented from entering uncleared forest areas; a new "land rent" tax was introduced, much higher than any hitherto demanded; schools and new model houses had to be built; work on the fields of officials was required-demands that meant added burdens to already harassed folk. Confronted by the "flood of regulations," this portion of Javanese rural society reacted as the Javanese court had done in an earlier day: it turned inward, seeking to hold itself aloof as far as possible. And when this proved impossible it asserted its traditional communal style of living with a hitherto unknown aggressiveness, born out of humiliation and frustration.

Among the Saminists many of the ways of the modern world are still resisted—such as the inroads of modern manufactures, monetization, and status differentials based on wealth. All these are now conspicuous in the rest of the Javanese countryside, even though the traditional communal patterns and values have persisted to some degree in much of Javanese social and economic life, where advancing industrialization and monetization blend uneasily with the patterns and values of a pre-industrial, subsistence-oriented world.⁶ After the collapse of Dutch authority and during the period of the Japanese occupation of Java in

⁶ See D. H. Burger, De Ontsluiting van Java's Binnenland voor het Wereldverkeer (dissertation; Wageningen 1939) pp. 201-06.

World War II, Saminism was at first given an opportunity to expand, as formal pressures against the movement were swept away along with other forms of Dutch colonial control. But the Japanese regime become increasingly authoritarian and repressive; some Saminists were incarcerated and others, at bayonet's point, were made to pay taxes and conform. In the chaotic period of the Indonesian revolution (1945-49) the Saminists recovered, and though they persisted in their aloofness some members of the sect held that the revolution would bring greater freedom to their cause and was hence worthy of support. By this time the Saminists had grown to some 5000 families, most of them concentrated in small villages in and near the Rembang district but with followers also to the south and east. They have formed mutual-assistance societies and are comparatively prosperous. There are few formal leaders, their sectarian bonds being preserved mainly through periodic gatherings in Saminist "villages," during which a number of men may exhort the group to abide by the traditional Saminist principles of communal ownership, rejection of authority, moral purity, and so on, relating these commands to current problems facing the community. General consensus is the objective.

Toward the present national Indonesian government, Saminist attitudes are somewhat ambivalent. On the one hand, Saminists in principle still reject all authority and refuse to carry out the orders of the civil service. On the other hand, nationalism has affected Saminist ideology, and some spokesmen have even contended that the national governmental authority born out of resistance to colonial oppression is appropriate to Saminist beliefs. Taxes still form a stumbling block, however, and in a number of Saminist villages certain ad hoc arrangements appear to have been worked out by local officials, under which Saminists pay their taxes by assisting in public-works projects or in other operations that are in keeping with the hallowed village traditions of mutual assistance. Generally, the government has acted with great forbearance. Government cooperatives have made

some headway in Saminist settlements, as have common rice banks, but the ideological goal of Saminism remains essentially communistic, permeated by village traditionalisms that resist class divisions, provisions for individualistic material gain, or active contact with the rest of the world.

In one important respect, however, Saminism has found rapport with the new world of free Indonesia: in the first Indonesian national elections of 1955, Saminists to a man voted for the Indonesian Communist Party. The relationship between Saminism and the modern communist movement is in all probability an old one, forged some time in the early 1920s and based partly on communist support for an agrarian reform program that would restore communal controls to all village lands and thus in a sense "sovietize" production on the basis of traditional Javanese rural collectivism.7 In 1954 the Indonesian Communist Party changed this agrarian policy to one including private landownership by the small farmer. Nevertheless, modern communism appeals to Saminists as a reflection of the communal and egalitarian nature of their movement. How Saminist antiauthoritarianism would survive in a communist state is of course another question. and one that is perhaps not recognized as such by the Saminists.

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Though much of Javanese culture may be said to have responded negatively to the acquisitive nexus of Western innovation, in other areas of Indonesia an indigenous tradition of freewheeling enterprise, amplified by institutionalized status ambitions, has proved more hospitable to Western influence. Here the figure of the itinerant trader-seafarer may be the pivot of a highly mobile, commercially oriented society, whose members participated from ancient times in the international network of commerce that flourished in Asia before the colonial era. Joseph Conrad, whose work is only latterly attracting the sociological

⁷ See the Indonesian Communist Party publication *Djalan Baru untuk Republik Indonesia* (Djakarta 1953) p. 29.

interest it merits, quite apart from its literary quality, introduces in The Rescue one such Indonesian group-apparently in Sumatra—as the "Wajo," with whom "trading, which means also traveling afar, is a romantic and an honorable occupation," appropriate even to scions of noble blood. This is a sharp contrast indeed with the Javanese setting, where the trader is traditionally a mistrusted figure in the village world and is regarded at the courts as an inferior creature of unrefined quality. Elsewhere in Indonesia an existing cultural dynamics of individualism, along with a looseness in the structure of interpersonal relations, fused easily with the economic changes brought by the Dutch colonizers, resulting in the development of a markedly aggressive, acquisitive spirit that contributed importantly to the economic growth of the area. A case in point is the Batak of North-Central Sumatra, whose development in recent decades has differed notably from that of the other two groups.

The term Batak designates a number of ethnically related population groups, all of which were traditionally centered on Lake Toba and the surrounding highlands. They are divided into patrilineal clans, or marga, which control the intricate exchange pattern and constitute an important structuring force, but the focus of Batak social life is the huta, the small walled village, comprising up to fifty nuclear families surrounded by their arable fields. There is a good deal of social fluidity: population pressure on the land, quarrels or jealousies, and above all the prestige that comes from founding a huta of one's own lead to frequent leaving and splitting of huta. The Batak is, so to speak, litigation-minded. Contests over landownership, which have been unusually involved in this part of Indonesiaas a result of Batak migration to the east coast of Sumatra and the simultaneous pressures from colonial estate corporations and from traditional feudal appanage provisions of the former coastal courts-afford the Batak abundant opportunity to assert himself. He pays "with pleasure for a seal, costing a florin and a half," that is required for "a petition about an alleged injustice of which

the total value remains far below the cost of the seal," and "he thinks it is important if, like the chiefs, he often has to go to the government office, for this gives him more prestige in his community." 8

Like the Mejbrat, the Batak have a culturally institutionalized exchange pattern focused on the connubium. Between a bridegiving and a bride-receiving lineage a mutually supplementary relationship exists, in which various goods, including food, textiles, and weapons, are periodically exchanged, a process that enhances especially the welfare of the bride-receiving group. But the Batak exchange pattern, unlike that of the Meibrat, stresses the collective rather than the individual act of giving, and the quantity of goods exchanged is neither very great nor very burdensome for the members of a given lineage. Rather, the exchange is a symbolic reflection of an ancient religious dualism, common to many Indonesian peoples, in which life and wellbeing are interpreted as following from the interaction of opposite cosmic forces, such as light and dark, above and below, male and female. Above all, the exchange relationship among the Batak is attenuated by the local demands of huta society and by individual status ambitions, which are free from the exchangerelationship demands.

The socially dynamic element in traditional Batak relations is the institution of the radja huta, or village founder. One astute student of Batak institutions has compared him to the entrepreneur in Schumpeter's sense—the innovator who initiates development by new combinations of production factors, and who acts not merely to satisfy his material wants but primarily to express his desire to dominate and to structure his environment. The radja huta does take a risk, for the new village's life chances are by no means assured in the arid, inhospitable environment. To succeed he must have the support of his wife's relatives, who

^{*} J. de Ridder, De Invloed van de Westersche Cultures op de Autochtone Bevolking ter Oostkust van Sumatra (dissertation; Wageningen 1935) pp. 54-55.

⁹ A. J. van Zanen, Voorwaarden voor Maatschappelijke Ontwikkeling in het Centrale Batakland (dissertation; Leyden 1934).

"invest" their labor and belongings in his enterprise and share with him the prestige of having founded a new community. Such status ambitions early became an important factor in the migration of Batak: those unable to reach radja status in their own home region attempted to persuade followers to settle in a new community, near the coast, for example, and thus sought to acquire a headman's prestige. It may be noted that also the followers of a huta founder share in his glory. As first settlers in a new community, they and their descendants constitute something of an aristocracy, though class lines are generally indistinctly drawn in the loosely structured and essentially egalitarian Batak social sphere.

Economic independence characterizes Batak society. Though landownership is determined by the marga, the Batak agriculturist obeys few communal restrictions on the production process, and freely disposes of surplus in local trade. In ancient times the Batak area was visited by Indian traders, and Hindu influences are evident everywhere. Regional markets serving many huta appear to have existed far inland well before the first coming of the Europeans, and though in subsequent centuries the Batak became more isolated, local commerce and handicraft did not atrophy. The mobility of the Batak has always provided a recurrent quickening of his economic life, in which not collective but personal advancement is the approved road to wellbeing.

The Batak's self-reliant individualism may be seen in two common practices. One of these is musuh berngi, "to make a stand." Traditionally, if a Batak felt slighted by his fellows, or had not in his opinion received just consideration from his fellow villagers or clansmen, he pronounced himself an enemy of the world, by fastening to his door a strip of cloth or paper, on which he had symbolically drawn acts of murder, arson, and other types of anti-social conduct. And he need not be satisfied with this; he might in fact carry out or feign to carry out some of his threats. This practice would be unthinkable in the conformity-exacting Javanese village world, but among the Batak

the result was usually that society took note of one's grievance and attempted to make some kind of accommodation. The other practice, which is far more common today, and which the Batak share with other ethnic groups on Sumatra, is the institution of mardjadjo, in accordance with which the Batak male adolescent leaves home for an unspecified period of time, in order to live and work among strangers. Today this usually involves protracted sojourns in distant cities for purposes of study or for varied and irregular employment. These are the Batak's Wanderjahre, the period that will presumably enhance his self-confidence and during which he is to reflect on his future life. Personal choice figures prominently in these reflections, and there is a well known Batak proverb that says "Rough and hard are the branches, yet the ape lives among them; cold is the water, yet fish live in it": each feels best in his own element.

These nodal features of Batak life have been selected to emphasize the significance of cultural and psychological qualities congenial to the development of an acquisitive orientation. That such an orientation was common among Sumatran societies was early recognized by knowledgeable Dutch Indonesia hands. One Dutch military and civil official, a man who played a leading role in the expansion of his country's authority over the East Indies in the first half of the nineteenth century, noted that the social institutions of the Sumatran peoples "leave them free to dispose of the fruits of their labor, hence the acquisitive urge which they possess to such a high degree"; and he commented that to the foreign observer, newly come from Java, this urge appears even as "avarice" when compared to the "slavish subordination" of the Javanese, who "voluntarily surrenders everything." 10 Today the Batak are wont to contrast their own energy and industry with the compliant parasitism they ascribe to the Javanese. This contrast has played an important role in the present ethnicpolitical antagonism between Sumatran groups and the national

¹⁰ H. J. Ridder de Stuers, De Vestiging en Uitbreiding der Nederlanders ter Westkust van Sumatra (Amsterdam 1849) vol. 1, p. 24; italics in original.

government centered on Java, and has thus contributed greatly to the domestic instability that has plagued the young Indonesian republic over the past few years.

In the Batak country, as in other parts of Indonesia, the turn of the century marked the beginnings of a decisive Westernization process. This modernization effort was in many ways prepared and anticipated by the Christianization of the area undertaken by the Rhenish Missionary Society, which began its work among the Batak in 1861 and has today resulted in the formation of more than half a million Batak into an independent "Protestant Christian Batak Church." Christianity was received by the Batak in their own way, and missionaries complained of their "hard, matter-of-fact and materialistic greed," saying that their interest in the Gospel was determined by a desire for "increased wealth, prestige, and power," which they believed conversion would bring them.11 Whatever the truth of such evaluations, it is an incontestable fact that the mission helped to "open" Batak society and to augment its individualistic dynamics. Christianization tended to liberate the Batak from his traditional and already comparatively loose social bonds, and the language of religious belief came to mean to him primarily the language of modernized living, education, and material advancement. The "Hatopan Kristen Batak," though organized ostensibly as a religious welfare society, soon acquired tremendous secular impetus under the pressure of younger Batak with nationalistic ambitions, whose frank materialism dismayed the missionaries and even led to bitter conflicts with them. Thus Christianity became primarily a vehicle for worldly changes. Along with the penetration and "pacification" of the Dutch civil authorities, it tended to fragment Batak society further and to accentuate those values of personal self-reliance and individual effort that had always had an important place in Batak life.

¹¹ Hendrik Kraemer, From Missionfield to Independent Church: Report on a Decisive Decade in the Growth of Indigenous Churches in Indonesia (The Hague 1958) p. 44.

Increased civil authority tended to accelerate the mobility of the Batak. Completion of a number of roads greatly enlivened trade and transport by ox-drawn carts, and a new irrigated rice development under government auspices brought an additional Batak influx to the coast. The progressive monetization of social relationships, including monetary payment of the bride price, turned the Batak as often as not into a part-time wage earner, who worked in coastal cities or estates to gather the means for meeting old and new obligations. Demands for education increased enormously. Batak enterprise grew by leaps and bounds, as did the middle class of professionals and business administrators. Before World War II, important restrictions held back some of the Batak movement toward the coast, where the colonial government protected the land rights of the Dutch estates and the petty Muslim princes resisted for religious reasons the incursion of Christianized Batak. Even so, the Batak began to swarm out far over the Indonesian archipelago, entering government service, engaging in trade and industry, and contributing to an intellectual revival under nationalist auspices. After the fall of Dutch authority in World War II, the dam broke and the Batak influx increased in unprecedented fashion, creating a revolution in the agrarian economy of the east coast of Sumatra. Like the Minangkabau on the west coast of Sumatra, the Batak have contributed to the development of national Indonesian life to a degree far out of proportion to their actual numbers. The concept of "progress," which dominated Batak thinking early in the present century, has continued to provide a modern rationale for old cultural values.

IV

A comparison of these three societies suggests the importance of the social structure itself in determining whether and how the acquisitive urge operates, and the effectiveness of its adaptation to the requirements of modernization. Among the Mejbrat we encounter a rather uncrystallized and heterogeneous set of genea-

logical relationships, in which great emphasis is placed on individual rights over the land and above all on personal responsibility in exacting payment of kain timur from debtors and in establishing the necessary reciprocity. While the social structure appears loose and unsystematized, an extraordinarily strong cultural focus is provided by this kain timur complex and its exaction of culturally approved compliant behavior. It may well be that the very lack of defined genealogical relationships aids the exchange pattern by making reciprocal relationships possible among a wider group of persons, and that the weakness of genealogical supports is compensated for by the all-embracing integrating and punitive force of the exchange system.12 The Mejbrat is acquisitive, to be sure, but his greed is highly structured and limited by the cultural mechanism of the kain timur complex. Thus it has not, at least as yet, proved effective in promoting the values associated with modernization, nor has it found in those values a satisfactory outlet. The Mejbrat finds it difficult to forge a significant connection between the old acquisitiveness and the new means of satisfying it.

The Batak is no less acquisitive, but in his desire for riches he is left much more free. His exchange relationship is not a continuously pressing necessity (which, for the Mejbrat, could involve life and death, as we have seen) but a religious symbol of cosmic dualism. The acquisitive urge of the Batak can be satisfied by a wider range of goods, without fixation on just one object, such as the *kain timur* of the Mejbrat. Since the goods exchanged are relatively easy to come by, and substitutions are possible, the scarcity principle does not operate, and no figure like the Mejbrat *bobot* appears. In Batak society there is no overcapping, integrating mechanism that succeeds in eliciting a high degree of culturally approved conformity of behavior; rather, there is wide latitude for individual assertiveness, ambition, and personal effort. The *marga* traditions and obligations

¹² See A. C. van der Leeden, "Social Structure in New Guinea," in Bijdragen tot de Taal-Land in Volkenkunde, vol. 116 (1960) pp. 119-49.

do not hamper the Batak's migration or his search for personal success, and he leaves his *huta* with not so much as a backward glance if ambition or quarrels incline him to depart. For him, the transition to the modern world is comparatively easy.

Saminism betokens a cultural reaction wholly different from that of the Mejbrat and the Batak. Status ambition and an individualized search for gain, which exist among both Batak and Mejbrat, are so attenuated in traditional Javanese lifeby the rigidity of class structure, by communal demands, and by the pressure of a religious-collectivistic value system—that Western innovation patterns find little or no support there in traditional behavior. Thus the process of acculturation consists of an uneasy straddling of two different worlds. It is this symbiotic condition that has caused some Western observers to speak of a "dualism" in the Javanese social economy. This simultaneous operation of Western and indigenously communal values has greatly retarded any dynamic development comparable to that of the Batak or other Indonesian groups. Saminism is a spontaneous sealing off of Javanese communal existence from Western individualism and materialism as they came to be emphasized in the modern colonial "uplift" program. It is a repudiation of acquisitiveness, whatever its cultural justification, and of the figures that have marked this acquisitiveness among the Mejbrat and the Batak-the bobot, the migrant laborer, the trader.

Only when the technical-organizational assets of Western innovation were offered on the basis of communal values—as they appeared to be offered by the Indonesian Communist Party could the Saminist mentality find a necessary point of contact. Conversely, in view of the manner in which Batak acquisitiveness has been channeled in modern times, it is hardly surprising that that party is weakest among the Batak and other dynamic ethnic groups on Sumatra. It would seem that the political significance of the presence or absence of an acquisitive mechanism in an underdeveloped society, and of its potential modification by cultural innovation, can hardly be gainsaid.

OPPORTUNITY COST AND ITS APPLI-CATION TO UNDEREMPLOYMENT*

BY D. R. KHATKHATE

The principle of opportunity cost is generally held to be a valid guide for explaining factor pricing, and it has often been invoked for the purpose of valuing labor in overpopulated countries with a considerable volume of disguised unemployment. There is considerable ambiguity, however, in the interpretation of the principle, and since its interpretation affects such decisions as allocation of investible resources, choice of techniques, and the general time pattern of growth in countries undergoing economic development, this article will examine the principle itself and on this basis consider its implications for certain problems in development programming.

I

Formulation of the principle of opportunity cost (or "displacement" cost) was a reaction to the real-cost approach of the classicists, which was later refined by Marshall. The two ways of conceiving cost yield the same results where there is only one factor, say homogeneous labor, in productive activity (as in the primitive social organization envisaged by Adam Smith)—or even where the productive process is complex, provided the factor

[•] AUTHOR'S NOTE—I would like to record my debt to Dr. V. V. Bhatt for many stimulating discussions that preceded the writing of this paper. I am also grateful to A. G. Chandavarkar for his comments on an earlier draft. Responsibility for errors, if any, is of course mine.

¹ See W. A. Lewis, The Theory of Economic Growth (London 1955) pp. 140, 351, 354, 356; A. E. Kahn, "Investment Criteria in Development Programmes," in Quarterly Journal of Economics (February 1951) p. 40; H. B. Chenery, "The Application of Investment Criteria," in Quarterly Journal of Economics (February 1958); A. K. Sen, "Labour Cost and Economic Growth," in Economic Weekly, September 29, 1956, and "Some Notes on the Choice of Capital Intensity in Development Planning," in Quarterly Journal of Economics (November 1957); M. Srinivasan, "Commonsense Made Difficult," in Economic Weekly, October 13, 1956.

proportions are similar in various industries.² In general, however, the two approaches produce different results.

The concept of real (or "embodied") cost refers either to the amount of work put in by the producers of the commodity, and the materials they use for the purpose, or to the "psychological" import of this work: it rests on the objective physical or psychological quantities that are invested, so to speak, in the production of a commodity.3 However, looking at cost in this manner raises the problem of measurement of the entities involved. For example, since labor has various degrees of arduousness and requires various degrees of skill, it is not easy to compare two different commodities with reference to their labor content. Nor can the difficulties be avoided by turning to psychological costs, or the "disutility" to productive agents of contributing to the process of production. For one thing, different units of productive activity yield different degrees of disutility, depending on the nature of the circumstances in which the work is carried out. For another, comparisons between the disutility of one factor of production and that of another are not easily possible. Marshall's concept of "expenses" of production, interpreted as the money payments made to the productive factor, also fails to provide an adequate explanation of cost: it holds true only when production is carried on under constant returns, and when the commodity produced is not in joint supply. Thus, when all attempts to salvage the real-cost doctrine failed, an alternative theory in the form of opportunity cost was presented. This was more direct and unequivocal, and was supposed to explain all situations where there are competing alternatives, and a choice among them is involved.

One would rather not venture to associate the first formulation of the principle of opportunity cost with the name of Adam Smith.

² For an excellent discussion of this topic see A. K. Dasgupta, The Conception of Surplus in Theoretical Economics (Calcutta 1942).

³ For a lucid account of the efforts to approach cost in this way see L. M. Fraser, Economic Thought and Language (London 1947) pp. 92-103.

But, as Knight has emphasized,4 one may as well seek the genesis of that principle in Smith's famous parable of beavers and deer. Smith's contention was that if killing one beaver requires twice as much labor as is required to kill a deer, then two deer would naturally exchange for one beaver. Obviously, this statement of the cost principle refers to the real-cost approach, but it can lend itself to interpretation in terms of the opportunity-cost doctrine. Thus, as Knight points out (p. 355), when there is a choice between killing one beaver and two deer, "the number of deer which are in fact given up (not killed) in order to kill an additional beaver remains unchanged, with changes in the relative numbers 'produced'; this is the 'necessary and sufficient condition' which assures that deer and beaver will exchange at the given ratio of cost." Put thus in terms of alternative commodities, the cost theory changes its character and becomes more scientific, inasmuch as it avoids reference to physical or psychological quantities, which unavoidably create the problem of measurement.

The influence of the real-cost approach continued, however, until Wieser systematically developed a theory of opportunity cost and gave it central importance in the structure of modern analysis. According to him, the cost of a commodity is determined by the value of the alternative commodity not produced, and, by extension, the value of a factor of production is determined by the product that would have been produced had that factor been utilized in an alternative way. By including in the scope of cost the net advantage or disadvantage attached to one use of a factor as compared with another—thereby assuring that the cost of the factor does not vary between industries—the opportunity-cost principle is made to hold good even when all uses of the factor are not equally attractive.

The aspects of this theory of cost were further developed and refined by Wicksteed, Knight, Davenport, Meyers, Henderson,

⁴F. H. Knight, "A Suggestion for Simplifying the Statement of the General Theory of Price," in *Journal of Political Economy*, vol. 36 (1928) pp. 353-59.

and Robbins,⁵ but though the principle of displaced alternative was accepted in its general form, there was a considerable divergence of opinion among its votaries regarding the form in which the opportunity cost should be conceived. Wicksteed, along with Wieser, was categorical that the cost should be regarded in a value sense. Subsequently, authors like Knight and Haberler emphasized that the cost should be taken instead in terms of technical quantities.

To interpret opportunity cost in the sense of technical displacements is of course valid where simple unskilled labor is the sole productive agent, or, if there is more than one factor of production, where the factors are combined in the same proportions in different productive activities. Under these conditions opportunity cost should be interpreted in terms of technical quantities rather than values, as the former are more objective. But there are many areas where presentation of costs in a physical sense would be misleading, as Robbins has clearly indicated. Certain productive activities entail fixed technical coefficients, and this raises the imputation problem, which can be solved only in value terms. Furthermore, different commodities can be produced with different sets of factors of production, and hence comparison between them is not possible unless the alternative products are reduced to a common denominatorvalues. If we accordingly conceive cost in a value sense we advance a step further in our consideration of the theory of opportunity cost.

A view is sometimes put forth, attributed mainly to Edgeworth, that the opportunity-cost principle cannot be applied where the factors of production are not fixed; in such cases, it is held, it becomes necessary to take recourse to the real-cost doctrine of pains and sacrifices. This presumes that when the availability of

⁵ P. H. Wicksteed, The Common Sense of Political Economy, vol. 1 (London 1945) pp. 373-82; F. H. Knight, Risk, Uncertainty and Profit (Boston 1921) pp. 73, 75, and "A Suggestion . . ." (cited above, note 4); H. D. Henderson, Supply and Demand (Cambridge, Eng., 1947) pp. 164-68; L. Robbins, "Certain Aspects of the Theory of Costs," in Economic Journal, vol. 44 (1934) pp. 2 ff.

labor varies, the question of "disutility" of work, or pain, crops up; in other words, the ratio of leisure goals to work goals among laborers is regarded as also varying. Robbins has countered this argument, however, and shown that Wieser's opportunity-cost principle holds even in situations of flexible factor supply. When the total labor force changes, there can be a corresponding change in the quantum of labor that is made available to the community. A difficulty arises when it is not certain how new labor would make a choice between leisure and work, the latter involving psychological "disutility" or physical pains. But this too can be presented in terms of the opportunity-cost principle.6 First the laborer makes a choice between leisure and "real income," that is, work, and once that is made, the employer makes his own decision. Furthermore, it should be remembered that in a dynamic situation in which the supply of factors is changing, the only thing that happens, if all the factors are fully employed, is an upward or downward shift in the production-possibility curve, depending on whether the factor supply increases or decreases. Thus what is relevant is not so much whether the factors are fixed as whether they are fully made use of.

II

It is evident that so far the main accent of the economists who have developed the opportunity-cost principle has been on the "productivity" aspect: the value of a factor of production is equal to what it would produce elsewhere, that is, to its marginal productivity. H. D. Henderson is an exception, for in his Supply and Demand, which was cited above (note 5), he has interpreted the principle in terms of what the factor would "earn" in alternative use. The remuneration payments to the factors of production, he says (p. 164), "tend to equal the payments which the same agents could have commanded in alternative employments. The payments which they could have commanded in alternative employments tend in their turn to equal the derived marginal

⁶ See Dasgupta (cited above, note 2) p. 94.

utilities of their services in those employments." It appears that virtually all the other economists responsible for evolving the doctrine have tacitly assumed that the two interpretations result in one and the same thing.

Before examining the validity of their assumption it is worth while to emphasize another contribution made by Henderson: his recognition that the marginal-productivity interpretation of opportunity cost is valid only when there is full factor employment, for when factors of production are not fully employed, use of any factor in a new occupation does not lead to loss of output elsewhere. In his words (p. 167), "At a time when there is much unemployment and much machinery standing idle, it is so clear to commonsense that we could produce more of some particular thing without diminishing the supply of other things, that any apparent statement to the contrary may perhaps seem the height of academic pedantry." However, he attempts to maintain the formal structure of the opportunity-cost principle by explaining away unemployment as a transitory phenomenon resulting from defective economic organization—thereby making it still possible to argue that more of one thing cannot be produced without curtailing something of other commodities elsewhere. Thus, for example, the opportunity cost of labor in a given occupation can be seen as determined by what it would earn in an alternative occupation that would have been available but for the unemployment created by faulty economic organization. This interpretation, which is indeed a heroic attempt, would be difficult to apply where unemployment of resources is not temporary but chronic, and it fails to bring out in sharp focus the implications of the full-employment requirement.

Let us now examine whether it is indeed true that alternative marginal productivity and alternative earnings amount to the same thing as a determinant of opportunity cost. This discussion can be pursued most effectively with reference to a single productive factor, labor. Though the discussion assumes perfect competition, where the marginal cost of labor is equal to the value of its marginal product, the conclusions would apply also to conditions of imperfect or monopolistic competition, where the wage cost equals marginal product multiplied by marginal revenue, and not by price.

If the opportunity cost of a unit of labor in new employment is given by the value of its marginal product in its previous occupation, it follows that the level of marginal productivity chosen must necessarily be equal to the marginal cost of labor in the old occupation, because labor cost fixed on any other level of marginal productivity would be unacceptable to either the new employer or the worker. In other words, equality between the wage rate and the value of marginal product is a precondition to interpreting the opportunity-cost principle with reference to marginal productivity. And as we all know, such an equivalence is the result of the equilibrium attained under conditions of profit maximization. But the relevant question is how the labor cost is determined in its old occupation.

The explanation must be sought, of course, in the demandand-supply conditions. For labor, however, these conditions do not operate as they do for other commodities, because labor differs from them in that it must consume. When the demand for labor increases relative to its supply, the price of labor may rise to any level, but the obverse does not follow. There is a floor price of labor, beneath which wages cannot fall, however much the supply increases; labor can never be a free commodity. In a given institutional framework there is, so to speak, an unwritten contract between society and labor that a certain minimum standard of subsistence will be maintained, for labor must survive and the social fabric must be preserved, without the disruption of political revolution; and these considerations obtain without regard for the amount that labor produces. Thus even under the assumption of profit maximization, the definition of opportunity cost with reference to productivity considerations becomes dubious. And it is further impaired by its requirement of full employment of resources. Though it is usable when labor

is fully employed in producing goods and services, it cannot explain labor cost when there is chronic underemployment.

However, the opportunity-cost principle does make sense if it is divorced from productivity considerations and defined with reference to labor's alternative earnings, for labor has a cost, irrespective of whether it is productively employed. This definition requires neither full employment nor a condition of equality between wage rate and value of marginal product. When unemployment prevails, the worker "earns" enough to live while out of work, even though he is not producing. If he is shifted to new use, he has to be paid at least as much as he was consuming during the period of his unemployment. More often than not, the payment will have to be more than the value of his subsistence requirements, as he will expect something as a compensation for the irksomeness of work.

Interpreted in this manner, the opportunity cost of labor is determined, from the point of view of the individual employer, by the alternative compensation, and, in a social sense, by the alternative consumption. As a result, the opportunity-cost theory becomes more universally applicable, in that it covers not only situations in which labor is fully employed but also those in which it is lying idle for want of employment opportunities. And this interpretation, unlike the productivity version, makes the principle valid at any level of marginal productivity. Finally, the doctrine becomes now more internally consistent, concerned primarily with factor earnings.

TIT

The applicability of the theory of opportunity cost has an important bearing on the process of growth in underdeveloped countries suffering from a large underemployment of labor. In such types of economies the ever growing population is concentrated in the only significant sector of economic activity, which is agriculture. Thus the "surplus" labor force has to be maintained by agriculture, and it acts as a perpetual drag on

productivity and growth because it consumes some of the agricultural output while making little or no contribution to it. This situation is made inescapable by the family-based social organization, in which the income of the family is shared by all the members, irrespective of how few among them participate in its production. Such economies find it virtually impossible to cut through this circle of stagnation and even decay without a large measure of assistance from outside.

In discussing labor valuation in the context of a developing economy, it is necessary to make a clear distinction between private and social opportunity cost. It is often held that the interpretation of opportunity cost as "marginal productivity in alternative use" gives us social cost, whereas its interpretation as "alternative factor earnings" gives us individual cost.⁷ This is erroneous, however, for under either definition the principle can be used to determine the value of factors of production both from the point of view of society as a whole and from that of the individual producers, depending on what one desires. Nor did those who originated and developed the principle have in mind only social costs. Lerner, for example, has made a distinction between social marginal opportunity cost and individual marginal opportunity cost.⁸

In terms of our definition of the principle, the private opportunity cost of labor in new industrial employment is determined either by what the worker was earning before, that is, his consumption on a family farm, or by that plus what he needs as compensation for migrating to a new place to work. In either case it is always positive. More significant, however, from the point of view of policy, is the social opportunity cost, which may be zero or positive, depending on whether the newly employed labor is willing to work at the old level of consumption or requires something over and above that level. Thus the additional consumption is itself the social opportunity cost of labor,

⁷ See, for example, A. K. Sen, in Economic Weekly, October 20, 1956.

⁸ A. P. Lerner, The Economics of Control (New York 1944) p. 66.

assuming that those members of the family who are left behind will not increase their consumption. It may be noted that this social cost of labor is easily within the scope of the opportunitycost principle interpreted with reference to alternative earnings, but is not covered by the same principle conventionally defined.

The divergence between the private and the social opportunity cost of labor has certain important implications for the choice of production techniques. If the social cost is lower than the private, it will be advantageous from the purely economic point of view to use the most labor-intensive techniques available. This course will maximize not only labor employment and incomes, but also the social rate of return. Even more important, it will provide the maximum rate of growth, because whatever is produced by the hitherto unemployed labor will be a net surplus available for reinvestment.

This conclusion is in line with various suggestions that overpopulated countries could promote capital formation by making
intensive use of "surplus" labor, or "disguised unemployed," in
view of the "saving potential" associated with such a shift from
agriculture. To be sure, the effectiveness of this mechanism
of growth depends on whether there is in fact a saving potential.
Not only may the available potential be attenuated by various
leakages, but for several reasons its magnitude may be less than
it appears to be (for example, because of the lost "economies of
joint consumption"). Nevertheless, the fact remains that there
is a significant potential difference between the private and the
social opportunity cost of labor. And where this difference

⁹ See Sen, "Some Notes . . ." (cited above, note 1).

¹⁰ See R. Nurkse, Problems of Capital Formation in Underdeveloped Countries (Oxford 1955); W. A. Lewis, "Economic Development with Unlimited Supplies of Labour," in Manchester School of Economics and Social Studies (May 1954); M. Dobb, Some Aspects of Economic Development (New Delhi 1951); C. N. Vakil and P. R. Brahmanand, Planning for an Expanding Economy (Bombay 1956).

¹¹ The possible limitations are well brought out by A. G. Chandavarkar in his note on "Saving Potential of Disguised Unemployment" in *Economic Journal*, vol. 67 (June 1957). See also the interesting controversy of Srinivasan, Brahmanand, and Sen in *Economic Weekly*, September 29, October 13 and 20, November 10, 1956.

occurs, the current industrial wage rate, which represents the private opportunity cost, does not reflect the real cost of utilizing labor, and thus does not reveal the full need for labor-intensive techniques of production. The difference occurs when the social opportunity cost of labor (in the "earnings" sense of additional consumption) is nil, and even when it is positive, provided it remains lower than the private opportunity cost. Only when the two opportunity costs coincide is the indication in favor of more labor-intensive techniques removed.

It cannot be denied that the two opportunity costs will often coincide. Whether they actually do so-that is, whether the additional consumption will be equivalent to the industrial wage rate-is a question of fact and not of theory. Probably the additional consumption will most frequently equal the new wage rate, in view of the very low living standards prevailing in such economies-unless, of course, fiscal measures are taken to restrain a rise in the consumption level of those left behind on farms. And even when the two costs do not coincide, the effectiveness of labor-intensive measures under the described conditions depends, as has already been emphasized, on whether the "saving potential" is automatically realized. But this point-of-fact uncertainty does not diminish the necessity to recognize the theoretical distinction between social and private opportunity costs, and the fact that the social cost can be adequately appraised only if the opportunity-cost principle is interpreted in the sense of alternative earnings.

¹² See Vakil and Brahmanand (cited above, note 10) p. 215; also Chenery (cited above, note 1).

THEORY OF INTERSUBJECTIVITY: ALFRED SCHUTZ

BY RICHARD M. ZANER

In his many writings Alfred Schutz conceived his work variously as a "philosophy investigating the presuppositions" of daily life, as a "piece of phenomenological psychology," and, in his last papers, as "the constitutive phenomenology of the natural attitude." The fundamental theme of all his work, however, was the problem of intersubjectivity, in spite of the fact that he was, regrettably, prevented from developing a detailed theory on that problem. Seeking, on the one hand, to probe the roots of commonsense reality and, on the other, to furnish a foundation for the social sciences, Schutz was led at every point to the problem of intersubjectivity, as Scheler and Dilthey were before him.²

The essence of the social world, conceived as the constituted texture of meaningfully interlocking activities of actors on the social scene, was for him its commonness, the fact that it is a world *shared* by the multiplicity of individuals living and acting within it, in mutually interlocking activities. Because of this

² See Max Scheler, The Nature of Sympathy (New Haven 1954) pp. 213-28; Wilhelm Dilthey, "Psychologie descriptive et analytique," in Le monde de l'esprit (translated from vol. 5 of Gesammelte Schriften), vol. 1 (Paris n.d.) pp. 145-245.

¹ The material for this article has been taken mainly from the body of Alfred Schutz's work in English, especially the following: "Choosing Among Projects of Action," in Philosophy and Phenomenological Research (hereafter referred to as PPR), vol. 12, no. 2 (December 1951) pp. 161-84; "Common-sense and Scientific Interpretation of Human Action," in PPR, vol. 14, no. 1 (September 1953) pp. 1-37; "Das Problem der tranzendentalen Intersubjektivität bei Husserl," in Philosophische Rundschau, vol. 5, no. 3 (1957) pp. 81-107; "Husserl's Importance for the Social Sciences," in "Edmund Husserl, 1859-1959," Phaenomenologica, vol. 4 (1959) pp. 86-98; "Making Music Together," in Social Research, vol. 18, no. 1 (March 1951) pp. 76-97; "On Multiple Realities," in PPR, vol. 5, no. 4 (June 1945) pp. 533-75; "Sartre's Theory of the Alter Ego," in PPR, vol. 9, no. 2 (December 1948) pp. 184-98; "Scheler's Theory of Intersubjectivity and the General Thesis of the Alter Ego," in PPR, vol. 2, no. 3 (March 1942) pp. 322-47; "Symbol, Reality and Society," in Symbols and Society, edited by Lyman Bryson and others (New York 1955) pp. 135-202.

commonness, all the sciences that have to do with this world, or part of it, have intersubjectivity as their fundamental category of understanding; ³ that is, intersubjectivity is not an explicit problem for these sciences. Hence all empirical social sciences, beginning with the socio-cultural world as already given, presuppose as their ground "the constitutive phenomenology of the natural attitude"—that inquiry which has as its fundamental theme the problem of intersubjectivity. For the same reason, inquiry into intersubjectivity cannot avail itself of either the methods or the theories belonging to the empirical social sciences, but must be developed as an autonomous discipline, one taking its clues and methods from the phenomenon itself.

An initial difficulty thus presents itself: how to make intersubjectivity itself thematic, how to bring it to presentedness apart from all theories, interpretations, and assumptions regarding it. Further crucial difficulties are presented by the description and analysis of intersubjectivity as a genuine phenomenon in its own right. The mere fact that we are all actors on the social scene, concretely engaged in a variety of intersubjective relations, by no means guarantees that we can forthwith grasp the significance and structures of these relationships, any more than we can all become shoemakers because we all have feet. As Schutz emphasizes, in agreement with Scheler,4 the problem appears on a variety of levels, each presenting its own specific problems. For Schutz's particular concerns, the problem of intersubjectivity is primarily "intramundane." It is one that lies at the root of all the social sciences and at the heart of our existence-that is, "the concrete understanding of the Other whose existence is taken for granted." As he expresses it in one of his last articles, "So long as men are

*Compare Scheler, op. cit., pp. 216-18, and Schutz on "Scheler's Theory of Intersubjectivity," p. 335.

³ As Marcel puts it, what is lived at the level of concrete social action is a category of thought for the interpretation of that experience. Or, as Maurice Natanson states concisely, "The category is made possible by the experience and then the category makes possible the interpretation of the experience": "Existential Categories in Contemporary Literature," in Carolina Quarterly (1959) p. 25.

born of mothers, intersubjectivity and the 'We-relation' found all other categories of human being."

I

In order to grasp the significance of intersubjectivity as an "intramundane" problem, it is necessary first to characterize, if only briefly, Schutz's investigations of "what makes the social world 'tick,'" as he often put it. To make the exposition manageable, it must be restricted to only one stratum of the social world: "paramount reality," as distinguished from the world of dreams, of scientific theory, of games, and the like. The world in which I find myself at any moment in my "wide-awake" living is at the outset peopled with others, not only individuals with whom I am acquainted and others whom I know less well or not at all, or groups of others equally well or less well known to me, but also a multiplicity of "products" of the activities of others ("cultural" objects, institutions, values, and the like), all of which intrinsically refer to others.

Aside from this, however, the world in which I live, work, and act is taken for granted by me as my reality; so far as I must come to terms with it and take my bearings within it, I must understand it, and to this extent it is given to my experience and interpretation. I take it for granted that this world existed before I did and will continue to exist after my death, and that it was and will be a socio-cultural world organized and interpreted by my predecessors and successors in a way typically similar to the way in which I myself organize and interpret it. In so far as it refers to the world handed down to me, this assumption combines with the knowledge derived from my own experience to form my "stock of knowledge at hand." In terms of this progressively sedimented stock of experiences, the objects, facts, and events I encounter and deal with in the course of my life are experienced as "things of such and such a kind," in other words as types ("dogs," "trees," "strangers," and so on).

This world is at once the framework and the object of my ac-

tions. To carry out my projects I must act on it, change it, and experience its resistance to my efforts; thus, in my paramount reality, my interest is preeminently pragmatic. Moreover, my world is oriented and organized for my actions in a spatio-temporal continum, with my actual "here" and "now" functioning as the center "O" of a system of coordinates determining the organization of my surrounding field. As such, my world is organized into a hierarchy of zones within my actual, potential, and restorable reach, within which is my immediately available "manipulatory sphere," with its own typical spatio-temporal horizons. These zones of interlocking actual and potential experiences are taken for granted by me as the unquestioned, but always questionable, matrix of my actions. Thus, by means of the basic idealizations that Husserl calls the "I can do it again" and the "and so forth," my concrete situation is constituted as an on-going course of typical experiences of typical objects and events.

At any moment, then, I find myself in a biographically determined situation, which, though it is only in small part due to me myself, I must define and come to terms with. For me, not to act in a particular situation is as constitutive of my biographical situation as if I were to "gear" into the outer world with an acting-performing. Hence my situation is historical, it is the sedimentation of all my previous experiences, and is brought to bear at every moment of my life. How I define my situation, how I select these instead of those circumstances and objects as relevant or irrelevant, depends on what my "purpose at hand" is at the moment in question, and ultimately on what my "plan of life" is. This fact reveals the motive structure at the heart of all acting. In spite of our common vernacular, which allows us to express every kind of motive by the term "because," we must distinguish from the "because motive" the "in-order-to motive." In so far as I am actually engaged in my on-going acting, my motive is always of the "in-order-to" type (I move my arm in order to pick up the glass); my "because motive" appears only on reflection (I picked up the glass because I was thirsty). The "in-order-to motive"

refers intrinsically to the future, to what is going to be accomplished in and by my acting; the "because motive" refers to what has already been accomplished. Finally, every element of my everyday knowledge has a necessarily equivocal trait: if I say "S is p," I in my natural attitude also recognize that S is q, r, and t as well. In so far as I take this for granted, however, these possibilities are not contradictory, for I now take S as p for my particular purposes at hand, and ignore as irrelevant to these purposes the "q-ness," "r-ness," and "t-ness" of S.

An everyday knowledge of the world is, then, a system of constructs of its typicality. We have thus far ignored, however, the fact that this world is fundamentally a common world, one shared with others. In my natural attitude I take it for granted that others, fellowmen, exist; I take it for granted that they will act in ways typically similar to mine, will be motivated by typically similar motives, will take my actions in substantially the same way as I mean them; and I assume that my fellowmen, in turn, take my own acting and motives as typically similar to theirs. This commonness of the world has several dimensions. There are, in the first place, my contemporaries, with whom I am interconnected in mutual action and reaction and who thus live "at the same (historical, objective) time" as I; secondly, my successors, of whom no experience by me is possible, but toward whom I may and do direct my actions; thirdly, my predecessors, on whose world I cannot act, but whose actions and products are handed down to me in the form of a tradition that I can modify, partially reject, accept, or take for granted. But since all social relationships and the other dimensions of social reality derive from and are founded on "my contemporaries," more particularly "my consociates," those whom I encounter in the "face-to-face relation," the problem of intersubjectivity is to be met with fundamentally on this level.

Intersubjectivity as an "intramundane" problem concerns, then, this taken-for-granted commonness of the world of daily life. "How is a common world," Schutz asks, "in terms of common intentionalities possible?" How, that is to say, does it come about that in spite of the fact that I, being "here" and the center "O" for a system of coordinates defining my surrounding world, and you, being "there" and the center "O" for a similar set of coordinates defining your surrounding world (you forming a part of my surrounding world, and me forming a part of yours)—how do we come to have something in common (an object, a project, ultimately a common world)? How is it possible that although I cannot live in your seeing of things, cannot feel your love and hatred, cannot have an immediate and direct perception of your mental life as it is for you—how is it possible that I can nevertheless share your thoughts, feelings, and attitudes? For Schutz the "problem" of intersubjectivity is here encountered in its full force.

H

What has been described thus far as the "paramount" reality is paramount mainly because communication (the primary vehicle of which is language) "can occur only within the reality of the outer world," that is, within the everyday "working" world. But, Schutz asks, is then communication, whether by means of the spoken word, the expressive gesture, or a non-cognitive communicative scheme (such as music), the foundation for the social process and thus for intersubjectivity-or does communication presuppose, on the contrary, the existence of a more fundamental social interaction, which would then be the basic intersubjective connection between man and fellowman? This question is obviously central, not only for philosophy but also for the social sciences in general. As regards the latter, if communication were fundamental to the existence of the social world, then the primary task of the empirical social sciences would be that of "linguistic" analysis, in one form or another. An empirical study of languages and their various usages would be fundamental to the study of individuals and groups, of social roles, and the like, for therein would be found the condition for the possibility of the social process as such; or at least, the communicative process would be the core of the social process.

Thus one should be able to explain the emergence of meaning, and correlatively, of intelligence, in terms of the process of communication—by means, for instance, of a "conversation of gestures," as Mead attempted to do.⁵ Indeed, as Mead puts it, just because "Mind arises through communication by a conversation of gestures in a social process . . . —not communication through mind," the "awareness or consciousness of gestures is not necessary to the presence of meaning in the process of social experience." Meanings, constituted by means of the conversation of gestures, are "objectively there as a relationship between certain phases of the social act," and not first something "psychical."

But in order to give this "objective thereness" of meanings any sense, one must suppose, as Mead does, that the gestures and responses to gestures are themselves merely biological phenomena, intrinsically without meaning and with no meaning-endowing quality, yet constituting the matrix from which meaning arises. Mead goes on to contend, however, that the response to a gesture is the meaning of that gesture; by extension, the gesture itself must first be meaningful in order to be able to evoke a meaning (response). From this results the enigmas characteristic of Mead's "behaviorism." The interpretations of gestures, while supposedly meaning-endowing, are said to be merely "an external, overt, physical, or physiological process." But if the interpretations of gestures are merely physiological processes, it is a mystery how they could ever be meaning-endowing; and if they are meaningendowing, the gestures cannot be merely, much less fundamentally, physiological in nature, even though they may have a physiological substratum. To be sure, Mead's principal point is well taken: meanings and even new sets of objects of common sense arise in and because of the social process, and especially the conversation of gestures. What is at issue, however, is the foundation of the social process. Mead's response that it is communication (in a broad sense) involves him in irresolvable problems, for communi-

⁸ George H. Mead, Mind, Self and Society (Chicago 1934) p. 77; the quotations that follow are taken from pp. 50 and 76-81.

cation, as will be clear shortly, presupposes a more fundamental phenomenon: intersubjectivity.

Put most briefly, communication with another, in whatever way, must presuppose the existence of the Other as a possible recipient and interpreter of the communicated meaning. Accordingly, as Schutz clearly recognizes, there must be "some kind of social interaction which, though it is an indispensable condition of all possible communication, does not enter the communicative process and is not capable of being grasped by it."

It has been pointed out that communication occurs only in the reality of the outer world, and for this reason constitutes the core of "paramount" reality. This means that "any kind of communication between man and his fellowman . . . presupposes an event or a series of events in the outer world which functions, on the one hand, as a scheme of expression of the communicator's thought, and, on the other hand, as a scheme of interpretation of such thought by the addressee." It is not enough to say simply that the body is a "field of expression," for, as Schutz points out, this is ascribable to almost anything at all (a painter's landscape, a Japanese garden). To be a "field of expression" is not a quality inherent in things, but is rather an intentional characteristic, something meant, or intended, as such.

Almost everyone agrees that, apart from mental telepathy, knowledge of the Other—more generally, any encounter with the Other—is possible only through the medium of events occurring in or produced by the body. Thus in Mead's example of the wrestlers, events occur on the body of the one as events gearing into the outer world and thus perceivable and interpretable by his opponent, as events of such and such a kind having such and such a meaning and calling out in him these and those responses. All such phenomena, according to Schutz (following Husserl),6 are examples of "appresentational reference," or "appresentation," by means of which one object or state of affairs, now presented,

⁶ See Edmund Husserl, Cartesian Meditations, translated by Dorion Cairns (The Hague 1960) sects. 48-54.

is "paired" (gepaart) with another object or state of affairs that is not now presented. By virtue of "pairing," the non-presented state of affairs becomes "appresented." The most obvious example of this is symbolization, analyzed in detail by Schutz in his "Symbol, Reality and Society."

As regards the present problem, Schutz believes that appresentation provides the clue for understanding how the Other is first constituted as such in my experience. The Other is given to me as a psycho-physical entity. His body is given in my experience originally, immediately, as a purely physical thing, as an object of sensuous perception. His mental life, however, is only copresent, that is, it is appresented as the psychical component of this concrete psycho-physical unity. By means of the automatic synthesis Husserl calls "associative transfer of sense," the Other's organism is automatically constituted for me as an organism similar to mine, and, more particularly, as a bodily organism (Leib-körper), such as I would have and experience (in the way I now experience my organism) were I over there where that physical body now is.

This appresentation is not, however, an inference, a specific process in which I actively infer on the basis of certain data to something else (the Other qua Other). Rather, on the basis of the automatic associative synthesis, the Other is constituted for my experience as already present, given, for my spontaneous activities.⁷ In fact, on the level at which this automatic transfer of sense occurs, every "body" acquires the sense of being an "organism" similar to mine. In the course of experience only certain organisms harmoniously verify this transferred sense; in others the transferred sense conflicts with their intrinsic sense, thus disverifying the synthesis. Of those that are harmoniously verified, certain of their parts become experienced as organs sensuously perceiving affairs that I would perceive were they my organs of sensuous perception. And, by means of this, I apprehend the Other as sensuously perceiving the very body that I perceive and

⁷ Ibid. See also Husserl, Erfahrung und Urteil (Hamburg 1954) sects. 33-46.

take to be his organism; as a consequence, the Other's bodily organism is constituted as the first common object. There thus occurs a cancellation of the transferred sense "mine," and in its place is constituted the sense "organism, not of my mind but of an Other's mind." The physical object, "the Other's organism" and events taking place in or on it, are now apprehended by me as expressing the Other's "spiritual 'I.'"

On this ground, so-called "cultural objects" point back by their very meaning to the human activity that produced them, and therefore we are always aware to some degree of our historicity. For the same reason we are able to understand such objects; indeed, as Schutz has shown, cultural objects can be understood only if one understands the purposes for which they were made. And this, he points out, is the source for Weber's "principle of subjective meaning": not only all human activities, but also all the products of these actions, intrinsically refer back to the subjective meaning given them by the actors and producers.

More important for Schutz, at this point, is the fact that by means of this appresentational reference through which the Other is first constituted as Other, "a communicative common environment" is established. Once the Other is apprehended as Other, it becomes possible for higher-level connections to develop. And it is precisely this environment that Schutz has described as the "paramount" reality, with its web of socially derived and socially approved knowledge, typical "recipes" for acting, thinking, and planning.

Nevertheless, we have still not come to the peculiarly social relationship that underlies, according to Schutz, these social relationships of a higher level. We have, to be sure, circumscribed the terrain: on the one hand, we have seen the typified stratification of the biographically determined situation; and, on the other, we have traced the fundamental constitutive basis for the apprehension of the Other. But all this, Schutz says, "constitutes merely the setting for the main social relationship."

I encounter and experience the Other's organism, and experi-

ence my self as experienced by the Other, only within the "face-to-face" relationship, the relationship obtaining between any two or more consociates whose worlds within actual and potential reach, with their corresponding manipulatory spheres, partially overlap and are thus shared, held in common. That is to say, the face-to-face relation implies a community of time and space among consociates—but in Schutz's usage of this term it does not imply any degree of intimacy, since it is equally applicable to the co-presence of friends and of strangers.

Now, when certain events occur on, or are produced by, the Other's body, it is the complex time structure of this occurrence, and its interpretation by the actors, which holds the clue to the sharedness of the occurrence. As an illustration, consider verbal communication. By a series of processes going on within the Other's inner durée, the Other articulates his thought step-by-step (polythetically) into a verbal expression that is manifested by a series of bodily movements occurring in the "outer" world, in objective time (lip movements, voice inflections, arm gestures, and the like). These events, the single phases of the speaker's "articulated thought," are "polythetically . . . co-performed or re-performed by the recipient, and thus a quasi-simultaneity of both streams of thought takes place." In and by the bodily movements of "working acts," that is, overt performances requiring a bodily gearing into the outer world, the transition from inner durée to objective time is accomplished, and these working actions thereby partake of both. "In simultaneity we experience the working action as a series of events in outer and inner time, unifying both dimensions into a single flux which shall be called the living present." In the living present (lebendige Gegenwart) I and my fellowman simultaneously live through a pluri-dimensionality of time. "This sharing of the other's flux of experiences in inner time, this living through a living present in common, constitutes . . . the mutual tuning-in relationship, the experience of the 'We,' which is at the foundation of all possible communication," and thus of intersubjectivity.

The "mutual tuning-in" relation, then, involves three moments or aspects. The first is the series of events in inner time, a dimension in which the Other's thought is articulated polythetically, and in which the listener polythetically re-performs or co-performs the thought thus built up by the speaker. Second, this communicative process is an event in outer time, thus presupposing the face-to-face relationship, "which unifies the fluxes of inner time and warrants their synchronization into a living present." Third, and most important, there is thereby constituted a "We-relation" —a relation that transcends both of the individually unique biographical situations-in terms of which you and I, "We," share in a living present, which is our living present, the thoughts embodied in your speech. In the We-relation, which is the origin of intersubjectivity, our simultaneous partaking in each other's inner and outer dimensions of time constitutes the fundamental phenomenon: "We grow older together." To "be with" another is for Schutz to grow older with another.

Only by means of this "mutual tuning-in" relation is communication of any kind whatever possible; and thus only by means of it can the Other's body and its movements be interpreted as a "field of expression of events within his inner life." Accordingly, all other social relationships are derivative forms of the We-relation, and to each derivative form belongs a particular type of time structure, itself derived from the living present, the time perspective of the "We."

As a consequence of this foundation relation it becomes possible to define the meaning of the "alter ego." But before doing so it is in Schutz's view necessary to distinguish carefully between two essentially different kinds of attitudes: the "straightforward" and the "reflective." It is only in reference to Me that I and Others obtain the sense of being a "We"; it is only in reference to an Us, whose center I am, that Others stand out as "You"; and it is only in reference to You, who refer back to Us and to Me, that a "They" is constituted. In daily life, however, I am rarely, if ever, aware of these strata, or of the fact that only my existence

as a self in this world makes these relationships, and this relativity, possible. I simply live straightforwardly in my acts, busied not with my acts but with their various objects; I live in my acts directed straightforwardly to their objects. It is an overstatement to describe my usual straightforward attitude in terms of "I think" or "I feel" or the like; indeed, James speaks of an "It thinks," and Dewey goes even further and speaks of an "on-going course of experienced things." 8 I can, however, "stop and think"; that is, I may, while still remaining in the natural attitude, reflect on my acts and not live straightforwardly in them. Now, according to Schutz, my "self" appears; my acts, my beliefs, my feelings are revealed through reflection as mine. (It might be suggested, as Marcel does, for example, that not all reflection, ipso facto, has "my" self as its object, but rather only a specific kind of reflection, which he calls "second reflection" or pensée pensante.)

In my straightforward attitude I live in my acts as present; I am directed toward the immediate future and still have in my grasp (in Husserl's phrase noch-im-Griff-habend) the immediate past, but the time dimension is the living present. In the reflective attitude, however, I grasp not my living present, but only and always the past, which was a present. I experience my acting and the objects thereof modo presenti; I experience my acts and myself as actor modo preterito.

Only in my straightforward attitude do I apprehend the Other as himself present, given. Thus, for Schutz, "the alter ego is that subjective stream of thought which can be experienced in its living present." I experience the Other straightforwardly in the living present as that subjective stream of thought with which I share this present in simultaneity; that is, we grow older together. This experience of the alter ego in living simultaneity Schutz calls "the general thesis of the alter ego's existence." The thesis implies, he goes on, that "this stream of thought which is not mine shows the same fundamental structure as my own consciousness. This means that the other is like me, capable of acting and

⁸ Quoted by Schutz in "Scheler's Theory of Intersubjectivity," p. 339.

thinking; that his stream of thoughts shows the same through and through connectedness as mine. . . . It means, furthermore, that the other can live, as I do, either in his acts and thoughts, directed towards their objects or turn to his own acting and thinking . . . that, consequently, he has the genuine experience of growing old with me as I know that I do with him." ⁹ Thus I share the We-sphere straightforwardly, but I apprehend the I-sphere only reflectively.

III

On the ground of the mutual tuning-in relationship all other social relationships become possible—those pertaining to my contemporaries as well as to my successors and predecessors. Having explicated the ground for the experiencing of the Other, Schutz has explicated the ground for the fact that the world is experienced as common, not as my private affair, but as "our" world, the world for you and me, for "us," and also for "them" and "you."

Because of the intersubjective nature of the socio-cultural world, the knowledge (in the broadest sense) that any of us has is the result of a complex process of socialization. Knowledge is socialized, on the ground of the mutual tuning-in relation, by means of three fundamental "theses," which, as I interpret Schutz, are three moments of the general thesis of the alter ego's existence (it should be noted that Schutz uses the term "thesis" in the sense used by Husserl, especially in *Ideen*, I, sect. 30). Though Schutz never put it in this way, these three theses all explicate, are so to speak the concrete working out of, the general thesis. In this way, I believe, Schutz's investigations into the structure of the social world can be seen to be a part of the more fundamental problem of intersubjectivity.

The first of the three theses is the reciprocity of perspectives, or the structural socialization of knowledge. Taking it for granted that fellowmen exist, I take it for granted that objects are for others as well as for me, but also that these objects mean

[&]quot;Scheler's Theory of Intersubjectivity," p. 343.

something different for me and for them. The reason is twofold. In the first place, since I am here, the aspects I experience as typical of the object are different from those so experienced by the Other, who is there; certain objects are within my manipulatory sphere but not his, and vice versa. In the second place, our biographical situations differ, and therewith our systems of relevance and purposes at hand differ.

Commonsense thinking overcomes these limitations, however, by means of two fundamental idealizations. One is the interchangeability of standpoints. It is a basic axiom of commonsense thinking that the coexisting systems of coordinates can be transformed one into the other. Thus I take it for granted, and I assume my fellowman does the same, that he and I would have typically the same experiences of the common world if we changed places, thus transforming my here into his here, and his into mine. The other idealization is the congruency of the systems of relevance. I take it for granted, and I assume my fellowman does the same, that differences in perspective are irrelevant for our purposes at hand; that is, "We" assume we have selected and interpreted the actual or potential common objects in a "practically" identical way (identical for all practical purposes). These two idealizations constitute the thesis of the reciprocity of perspectives. It is obvious, on the other hand, that they have as their constitutive basis the mutual interlocking of inner and outer time dimensions, which, in turn, is founded on the constitution of the Other's organism as the first common object.

The second of the three theses is the social origin of knowledge, or the genetic socialization of knowledge. Only a small part of my stock of knowledge at hand originates with me; most of it is socially derived. I am taught how to define my situation (that is, how to define, in regard to the relative natural aspect of the world, the typical features that prevail in the in-group as the unquestioned but always questionable ambit of things taken for granted until further notice); and I am taught how typical constructs have to be formed in accordance with the purpose at hand

and its system of relevances accepted from the anonymous viewpoint of the in-group (ways of life, recipes for acting, and the like). For this socialization the typifying medium par excellence is the common vernacular, a language of named things and events primarily, and thus of the typifications and generalizations prevailing in the in-group whose vernacular it is.

Finally, the third thesis is the social distribution of knowledge. Our actual stocks of knowledge at hand differ: some fields I know only by "acquaintance," others I really "know about" (in William James' terms), while about others I have only a blind belief. I am an "expert" in only a small area. Furthermore, my knowledge is at any moment structured into zones of clarity, distinctness, precision, originating in my prevailing system of relevances and thus biographically determined. The knowledge of individual differences is itself an element of commonsense experience: I know, for example, whom I have to consult in order to heal a wound, or to buy old coins. I thus construct types of the Other's fields of acquaintance, and of their scope and range, being guided by certain relevance structures experienced in terms of certain typical motives that lead to typical actions.

Thus the "general thesis of the alter ego's existence" as the unstated, unquestioned, taken-for-granted root of the commonness of the everyday world, by positing that the Other's subjective stream of thought shows the same fundamental structure as one's own, implies that our respective perspectives can in principle be exchanged without thereby altering, for our practical purposes, the objects, facts, and events that concern us at the moment. It implies as well that you, having your own unique biographically determined situation, have, like me, been taught how to define your situation, construct your plans of action, and so on, in accordance with the typifications peculiar to your ingroup. Finally, it implies that you, like me, are an "expert" in this or that field, but that your knowledge, like mine, reveals typically similar zones of clarity, acquaintedness, and blind belief—and that in certain typically pre-defined situations you, follow-

ing certain typically pre-defined procedures and recipes, will call on me for advice or help, as I call on you in other circumstances. All social interaction is thus founded on the general thesis of the alter ego's existence, and is concretely "worked out," so to speak, by means of the three theses of socialization, the idealizations belonging to them, and the typifications constructed by actors on the social scene.

However, these theses, and especially the general thesis of which they are moments, are as such the ground for the commonness of the social world. This means that the belief in the Other, as another psycho-physical self like me, is never itself brought into question, never itself made thematic within the natural attitude. All doubtings and questionings regarding the Other and the common, intersubjective world leave untouched this fundamental belief in the Other, "our" world and its objects. In fact, says Schutz, man in his everyday, natural attitude makes constant and unthematic use of a specific *epoché*. He suspends all doubt of the world, its objects, and Others; he refrains from the doubt that they might be otherwise than they are assumed to be.

Accordingly, in order to raise the "problem" of intersubjectivity, it is necessary to make this specific "epoché of doubt" itself thematic; that is, it is essential, in order to apprehend intersubjectivity itself, to effect an epoché on the epoché of doubt, to refrain from participating in this fundamental belief in the Other and the world as a whole, and to take it itself as the theme for inquiry. Only by making intersubjectivity itself thematic is it possible to develop a genuine theory of intersubjectivity in the intramundane sphere, that is, a "constitutive phenomenology of the natural attitude." And this inquiry, a fundamental part of the systematic whole of phenomenology, is, as was indicated at the beginning of this discussion, at the heart of Schutz's work.

IV

It is clear from what has preceded that the reciprocal interlocking of time dimensions is, for Schutz, the core phenomenon of intersubjectivity. Since intersubjectivity signifies an interlocking of time dimensions, it signifies an interlocking of perspectives, motives, and behavior—and ultimately of meaningfully connected actions into a system of meanings that constitutes "the" world as a world common to you and me.

Only in the face-to-face relation, however fugitive and superficial it may be, is the Other encountered as a unique individual, with his own biographically determined situation. In all other dimensions of the social world, the Other is experienced and apprehended as "typical," in terms of typical motives, attitudes, and behavior. Nevertheless, Schutz emphasizes, even in the faceto-face relation of consociates, the partners enter into social action with only a part of their respective personalities; that is, you and I encounter and have to do with one another most often in terms of "social roles." And even this is only half the story: my constructing the Other as a performer of social roles plays its part in my own self-typification. In defining the role of the Other, I myself assume a role; in typifying his behavior, I typify my own (becoming, for example, "a passenger," "a teacher," "a stranger"). Finally, these typifying constructs are themselves to a considerable extent socially derived and approved, some of them becoming institutionalized in the course of our on-going experience.

How these typifications are worked out at the level of social action is, of course, a crucial problem; but it calls for a more extensive analysis than can be given here. What occurs by means of this complex typification is, however, of great interest for a theory of intersubjectivity. For, hand in hand with an increase in typification, there goes, according to Schutz, an increase in anonymity and a decrease in the fullness of the relationship, such that, in a completely anonymous relationship, the individuals are taken by each other as interchangeable, that is, as "anyone." In such cases, since you could as well be Smith or Jones, and I Peter or Paul, n'importe qui, we cease to form what Schutz calls the

¹⁰ For such an analysis see Schutz's "Common-sense and Scientific Interpretation of Human Action," pp. 14-20.

"We-relation": this relation is inversely proportionate to the degree of typification arising through our actions. Thus a crucial problem arises. How is it possible for you and me to break through the masks of our social roles and to experience each other in a mutual relating that transcends the spheres of our respective private experiences and constitutes a We-relation? One would expect Schutz to hold that with a decrease in typification there would be an increase in fullness, and a consequent intimacy of the relationship. Unfortunately he did not explicitly engage this question; nevertheless I believe that there are grounds in his work for an answer. In this concluding discussion some indication can be given as to one direction, at least, toward which Schutz's indicated theory of intersubjectivity leads.

The clue to the way in which Schutz might have responded to such a question lies in the concept of "fullness," and, more generally, in the concept of mutually interlocking actions. The present interpretation of these concepts rests, as will be seen, on an interpretation of the "principle of subjective meaning" which Schutz does not seem to have emphasized.

All such interaction is, as was emphasized above, an interlocking of time dimensions, behavior, attitudes, and motives. In questioning and answering, for instance, I anticipate that the Other will understand my action (uttering an interrogation) as a question, and that this will induce him to respond in such a way that I may understand his behavior as a response. My "in-order-to motive" is, say, to obtain information ("How do I get the train to Chicago?"), and this presupposes that his understanding of the question will become his "because motive" in performing an action "in-order-to" give me this information. Such interaction is based, then, on an idealization of the reciprocity of motives, which itself follows from the thesis of the reciprocity of perspectives, and, in turn, from the general thesis of the alter ego's existence.

More often, however, my in-order-to motives are more complex, involving many levels of motives (I want to get to Chicago in order to apply for a position, which, if I am successful, will change the course of my life). In this event it is clear that only I myself know when my action starts, where it ends, and what its ultimate significance is. Even if I confided in my partner, he would be able to understand my action only by reconstructing the whole stratification of my motives and plans. Thus the meaning of my action is different for me, for my partner, and for an observer. It follows that in everyday life there is only a chance that the Other will understand me; in order for him to come to an understanding he must grasp the meaning my action has for me, the one who does the acting. To the degree, however, that my fellowman is able to grasp this "subjective meaning" of my action, he has succeeded in going beyond a more or less gross typification of my behavior; or, as Schutz puts it, he has transformed a mere "course-of-action" type into a "personal" type. This transformation, as I interpret Schutz, has the significance of an increased "fullness" in the relationship; that is, you and I have entered into a We-relation.

Here two problems arise. In the first place, how does this full-ness arise, and what are its conditions for appearance? Second, how does this fullness constitute a genuine We-relation? As to the first question, there are indications in Schutz's work that the mutual tuning-in relation reaches a "fullness" to the extent that I and my fellowman are able to grasp and understand the subjective meaning of our respective actions. But, if this is not to become an empty platitude, how is such understanding itself possible?

In order to grasp the concept of fullness, it seems fruitful to turn to the work of Gabriel Marcel, who, in emphasizing that the concepts of "the full" and "the empty" are far more descriptive of human reality than any other, 11 seems to use these concepts in much the same way that Schutz intends them. Similarly, Marcel has shown throughout his work that in so far as I regard the Other as a mere object (in Schutz's terms, as "typical" or "anonymous"), I tend to ignore him as this person, and he becomes "just

¹¹ Gabriel Marcel, Position et approches concrètes du mystère ontologique (Paris 1949) p. 49.

anyone." As a consequence of this reduction, our relationship becomes more and more "empty" ("typified" or "anonymous"), my fellowman becomes typified, and consequently I myself am typified (absorbed in "playing a role," that is, in "shamming"). Conversely, the more I am able to understand him from his subjectivity (the subjective meaning his actions have for him), or as a Thou, the more intimate he becomes to me: "our" relationship becomes "fuller," we are truly "with" one another, and we confront each other as persons.

But for this "fullness" to come about, it is not enough that you and I are merely willing to understand one another; we must each be able to do so (thus being enabling to one another). Furthermore, it is essential that each of us be both willing and able to be treated as a Thou by the Other: to "be with" the Other is not a mere matter of taking him as a Thou, but is something more, and perhaps more difficult, for it means also being taken as a Thou by him. To be able to give, freely and openly, is a rare enough virtue; but to be able to receive such a gift is even rarer. In order for you and me to "keep faith" with one another, to "remain faithful" to our We-relation by seeking to understand our respective subjective meanings, it is essential, to borrow Marcel's terms, that each remain "available to" the Other: "being open to" (disponibilité) is the condition for "keeping faith with" (fidélité), for "being with," the Other.12 Briefly, while the mutual tuning-in relation is a reciprocal grasping and understanding of the respective subjective meanings, the condition under which this tuning-in can occur is openness. In order to realize a We-relation with an Other, I must "be open" to him, "be available" for him to "call" or "appeal" to me. Here, I believe, Marcel enunciates the fundamental categories for an understanding of the genuine We-relation -appeal, response, and their foundation: care or concern.

This takes us to our second problem: having seen the funda-

¹² See especially Marcel's *Homo Viator: Introduction to a Metaphysic of Hope* (Chicago 1951) pp. 26, 49-50; also Pietro Prini, *Gabriel Marcel et la méthodologie de l'inverifiable* (Paris 1953) p. 91.

mental condition for my understanding of the subjective meaning of my fellowman's action, and his understanding of mine, we can trace the way in which the consequent fullness constitutes a We-relation. For one to engage in mutual action and reaction with an Other is to appeal to him to recognize and attempt to understand the meaning this action has for the actor; that is, the Other must respond to the appeal in the way in which it is meant by the actor himself, and not pre-interpret it in typical ways. But in order to merit such a response the appeal must be made under the recognition of the responsibility it implicitly asks the Other to assume by his response. This recognition on the part of the one who appeals is itself a fundamental responsibility, which is contracted by the very fact that it is an appeal calling for a response.

In order to respond, however, the Other must "be able" (be open) to apprehend the appeal as such. Moreover, the appeal can be made only with recognition of the real possibility that it is ill timed, open to refusal, to betrayal by the Other, even, it must be emphasized, to the possibility that the Other may be unable to respond. Thus the genuine appeal is a free act, "without strings." The We-relation stands under the possibility, which is essential to it, of failure; it is accompanied by a fundamental risk, and therefore it is constituted as a test, or trial (épreuve); for this reason it is essentially subject to betrayal, by the Other as well as by myself.

Accordingly, to be open to the Other as a Thou, and thus to the subjective meaning of his actions, is possible only in so far as I "give him credit," at the outset and without strings, for being a person; that is, to be open to him is to care what happens to him as himself. I must make it possible in the first place for the Other to become himself; what happens after depends on this. But "care" is here no easy matter. To care for an Other is at once to put myself freely at his disposal (to be available to him) and to expect from him a mutually concerned response to this care (which may or may not occur); and it is at the same time in some way to give him, by my very making of myself open to him

(whether through an appeal or a response), the means of responding to this expectation. Holding myself open to the Other, I hold out to him the possibility for his own being open to me. Care, in this sense, is precisely a creative reciprocity in which, by my "tuning in" to the Other, and his to me, I in some way make it possible for him to respond freely to me: caring for him, I make it possible for him to be able to care for me (and, dialectically, for himself). I collaborate in his freedom, and he in mine, and it is precisely through freedom that he is truly Other and I truly myself.

Thus it is not sufficient, in order to realize the "fullness" of the We-relation, that I actively refrain from typifying my fellow-man's behavior and attempt to reach his subjective meaning, that I refrain from pre-judging and pre-interpreting him. More fundamentally, his action must be allowed to take its own shape, to be expressed as such. The Other must make it possible for me to respond, and I must make it possible in advance for him to appeal, by my very being open to him. This "must" expresses the condition without which the We-relation could not arise: "being open to," or availability. By "giving credit to," or "keeping faith with," the Other, as a Thou, a genuinely creative reciprocity becomes possible. This "mutual tuning-in relation," then, whose fundamental stratum is the interlocking of time dimensions, becomes an interlocking of mutually recognizing actions, that is, a mutual tuning-in of reciprocal concern: love.

The dialectical nature of this We-relation is, of course, more complicated than has here been indicated. These few remarks may serve to point out, however, the direction in which our two concluding questions can be answered, within the spirit, if not the letter, of Schutz's work. In the dialectics of appeal and response (of care), the mutual interlocking behavior of two consociates in a face-to-face relation becomes a genuinely interlocking mode of conduct. It becomes, that is, a genuine mutual tuning-in relationship whereby "We," you and I, grow older together by caring what becomes of each other.

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FORUM

Fairness in Foreign Policy: The Chinese Issue

It is my thesis, to be illustrated here, that in forming or critically reviewing a government's foreign policy—in other words, decisions that choose one of several conceivable alternatives of action in international affairs—it is necessary to distinguish between two kinds of decisions: those that are meant merely to fulfill the requirements of the law or, within the limits of what is legally permissible, to pursue some course of political expediency with no moral issues involved; and those that, even if not in conflict with the law, are likely to offend widely accepted standards of morals or fairness, especially when the moral standards they affect are not only those of adversaries but those of friends, of neutral observers, and of a great many people in the country itself.

I advisedly refrain from speaking simply of "immoral" or "unfair" decisions, since it is controversial whether it is possible to render absolute scientific verdicts regarding morality or fairness without reference to some particular historical system of values or some definite religious or philosophical system of thought.1 There is no need for us to go here into this extremely thorny problem. It is entirely enough to know that certain types of moral feelings are actually held within a certain environment, and that these feelings are offended by certain governmental actions, in order to expect and to predict that, if the government nevertheless undertakes such actions, it will be confronted with problems very different from those that arise from criticism based merely on doubts about political expediency not involving moral objections. If people have a bad conscience in regard to the standards applied by their government, this fact may easily affect their internal integration and their inner strength in facing the outside world. These are simply consequences that can be scientifically traced and predicted, with no pretense by the scholar that he can proclaim absolute moral standards.2

A number of issues in recent American history would merit close

¹ This controversy is fully treated in my Political Theory—The Foundations of Twentieth-Century Political Thought (Princeton 1959).

² See *ibid.*, pp. 428, 431. When the government feels that the people's sense of morality goes astray it may, of course, try to correct it. The main issue discussed here gives no cause, however, for such moral education.

analysis from this particular angle, including the dropping of the first atom bomb on Hiroshima without a sufficiently specific warning or ultimatum, and, on a minor scale, the spying mission of the U-2 plane on May 1, 1960, immediately before the planned summit meeting. As to the former event, nothing can be done about it now, apart from the assistance we can give and have given Japan in its process of recovery, and earnest attempts to reach an international agreement on nuclear armaments. As to the spying plane, it has been broadly held in this country and abroad—rightly, I think—that our official attitude was not morally correct and that regret should have been expressed.³ Since President Kennedy adopted a similar view in his campaign for office, I shall not go into further details here. Rather, I propose to concentrate on another issue, China's representation in the United Nations.

The question who is entitled to represent China in the United Nations has been for many years, and is still, one of the most disturbing factors in the functioning of that organization. In this highly complicated matter five questions must be distinguished. First, should the present Peiping government be recognized as the government of the whole of China, including Taiwan? Second, should it be recognized at least as the government of the Chinese mainland? Third, should it be admitted to the United Nations as the representative of the whole of China? Fourth, should it be admitted to the United Nations as the representative of the Chinese mainland? Fifth, if all these questions are answered in the negative, should the government of President Chiang Kai-shek be recognized as representing the whole of China?

The countries of the Communist bloc have long recognized the Peiping regime as the legitimate government of the whole of China, and have pressed for its admission to the United Nations and to China's permanent seat in the Security Council. A considerable number of the non-Communist countries, including Great Britain and India (also the Netherlands, Denmark, Norway, Sweden, Finland, Switzerland, Pakistan, Burma, Ceylon, Indonesia, Afghanistan, Nepal, Egypt, Syria, Cuba), have at least recognized it as the government of the Chinese mainland. The United States, along with most of the

³ See Kenneth W. Thompson, "Moral Purpose in Foreign Policy: Realities and Illusions," in *Social Research*, vol. 27 (Autumn 1960) pp. 261 ff.; in that article Dr. Thompson quotes extensively from an unpublished memorandum of mine on this subject, of May 1960.

other nations (France, Italy, Belgium, the Federal Republic of Germany, the other West European countries, Turkey, Israel, other Asian states, Canada, Australia, most countries of Africa, all of South America), has not recognized it on either basis.

This divergence among the non-Communist countries has grown from the different conceptions they entertain of the conditions under which recognition should be granted. The British position, recently restated in a speech of the Joint Under Secretary of State for Foreign Affairs, Mr. J. B. Godber, in the House of Commons on December 12, 1960, is that when (except in a state of war) a foreign government is in obvious control of the territory it claims to govern, it should be recognized as the government of that country, and that this is a purely practical matter and has nothing to do with the way that government assumed power or the way it controls its people. Recognition is regarded simply as a matter of acknowledging a fact. In contrast, United States policy has been based on the view that it is justifiable and even necessary to take into account the way the government came to power, the way it behaves itself internationally, outstanding unresolved disputes, and the like.

To recognize or not to recognize is, however, only one of the problems involved in the Chinese issue. Admission to the United Nations is a step to be distinguished from that of recognition. It is legally possible for countries that recognize the Peiping government to oppose its admission to the United Nations, whether because of its hostile attitude toward the United Nations in the Korean war or for other reasons. The entire issue is further complicated by the fact that Mao and Chiang, while disagreeing on everything else, are firmly at one in their claim that there is only one state of China, comprising the mainland and Taiwan. Under the United Nations Charter it is legally impossible to admit two mutually independent delegations for one country; moreover, Communist China has declared that it will not accept admission side by side with Nationalist China.

The controversies that have arisen from this complex situation constitute a striking illustration of the need to distinguish foreign-policy decisions that offend a sense of morality, especially that of our own people, our friends, and neutral observers, from those that merely follow the lines of legal requirements or of expediency, with no special aspects of a moral nature.

Whether to recognize the Peiping government as the de facto government of the Chinese mainland, or to withhold this recognition because of the government's origin and behavior, is primarily a

question of international law and, within its limits, of political expediency. Should the United States government choose to continue its negative policy in this matter, its decision might perhaps be challengeable as legally erroneous or politically unwise, but it would hardly offend widely spread moral feelings here. Indeed, the opposite decision, the granting of recognition, might meet with some moral criticism, because of the genesis and the past behavior of the Peiping government. But these moral objections do not seem to present a strong barrier to factual recognition. The arguments against them are based on reasons of practical expediency and the benefits expected from recognition, rather than on the assertion that the Chinese Communists have a moral right to recognition.

Moral reactions seem to be of a similar type when the question turns on admission of the Peiping government to the United Nations. Recommendations in favor of admission are based principally not on moral reasons but on considerations of expediency, such as that the United Nations cannot work properly unless all major countries are included, or that, in order to improve relations with Communist China, it is advisable not to keep its government out but to expose it to the subtle influences of the day-to-day work within the United Nations.

Associated, however, with the negative attitude of the United States government toward the Chinese Communists is one particular factor that has come to arouse moral concern in an ever increasing degree. This is the support the United States has given and still gives to recognition of the Nationalist Chinese government not only as the legitimate government of Taiwan, not only as a member of the United Nations, and not only as the exclusive representative of China in the United Nations, but as the occupant of the fifth permanent seat in the Security Council. Recognition of a country's title to a permanent seat in the Security Council is felt to be qualitatively different from a decision on its admission to the General Assembly. The China to which the Charter granted a permanent seat was not merely a wartime ally but the biggest East Asian country and, indeed, the most populous country in the world. Today, when only a small fraction of China is still held by the Nationalists, for the United States to ask of the Soviet bloc, India, and others in the United Nations who do not share the American view that they suffer President Chiang Kai-shek's appointee to speak and act in the Security Council as the representative of the whole of China goes beyond what can fairly be asked, if I correctly interpret the feelings of the American

people, and damages the international image of the United States as a paragon of fairness. Such moral embarrassment could possibly be overcome if international law compelled the government's attitude, and did so with no possible doubt, but obviously this is not the case.

We should recognize this element of the Chinese problem as what it really is—a moral issue. That is not to say, however, that we must accept Communist China in lieu of Nationalist China in the General Assembly and on the permanent seat in the Council. We are still free to use our legal and political judgment against such a radical shift, should we consider that necessary or wise. The only conclusion that follows from the argument here presented is that the United States government, should it decide to maintain its negative attitude toward Communist China's admission to the United Nations, would do well to make proposals for some fair arrangement regarding the fifth permanent seat in the Security Council, not insisting on the recognition of Nationalist China as the legitimate incumbent.

Many well intentioned observers here and abroad would go farther. They hold that to recognize the Communist Chinese government not only as the de facto representative of the Chinese mainland (both without and within the United Nations) but also as the occupant of China's permanent seat in the Security Council constitutes the only realistic solution of the problem. But this step, much as it would please Moscow and Peiping, would by no means be an easy way out of the quandary, not even technically. Only if the Peiping regime were granted de jure recognition as the legitimate government of the whole of China, including Taiwan, would admission to the United Nations automatically imply admission to the permanent seat. While this radical turnabout is precisely what Moscow and Peiping want us to perform, it should be clear that for both moral and practical reasons the United States government is not willing thus to surrender Taiwan and its present government to the Communist claims. On this point the Eisenhower and Kennedy administrations have been in full agreement, and there is hardly any adverse opinion about it heard in the country.

By contrast, the de facto government of only a part of China, if not recognized as the legitimate spokesman of the whole people, cannot be given the entire country's seat in the Security Council without a previous change in the Charter, or at least a broad understanding on its interpretation, to the effect that the seat should go to the de facto government of the country's main part. Such an

understanding would involve an agreement on the partition of China into two countries, the mainland and Taiwan, separately represented in the United Nations—a partition to which at present both pretender-governments are bitterly opposed. Even if we could force President Chiang Kai-shek to accept partition, under threat of our withdrawing from our alliance, the Communist Chinese do not seem to have the slightest intention of accepting it, either voluntarily or under pressure. Therefore, even if the United States government now decided to recognize the Peiping regime as the de facto government on the mainland—which I think it might do—and even if the United States government, in addition, were willing to concede to the Communist Chinese a permanent seat in the Security Council, it would not be easy at all to implement such a policy—short of the practically inconceivable recognition of the Communist regime as the legitimate government of the whole of China.

I do not intend here to go further into the question of whether and to what extent we should recognize Communist China or support its admission to the United Nations, as this would lead me far away from the limited subject of this discussion. I merely wish to make it clear that if the United States government, for legal or political reasons or both, stands pat on its decision not to surrender China's permanent seat in the Security Council to the Chinese Communists, then it is of the utmost importance that we submit proposals for a fairer solution of the question what to do with China's permanent seat for the time being—a fairer solution than continued recognition

of the Nationalist Chinese government in that seat.

What are the possibilities for such a solution that would satisfy the demands for fairness as understood within this country and in friendly and neutral nations? Theoretically, the two pretenders in Peiping and Taiwan might authorize the same person to represent the whole of China, say some great scholar, scientist, artist, or philosopher, who would go into action only when the instructions from the two governments were in harmony. Even two different representatives of the two pretenders might be accepted if it were understood that their votes would be counted only if cast the same way, and only as one vote. These theoretical possibilities are not, of course, very likely to materialize, but we might indicate that, should such an arrangement be made, we would go along. More realistically, the United States government could indicate its readiness to leave China's seat unfilled until some representation should emerge that was able to draw a more general recognition than is the case today, or until

a completely new solution were agreed on. To pursue this line of policy, although it would provide no more than a temporary solution, would be as fair as it would be simple.

Toward a more permanent settlement the United States might propose to use the deadlock as a starting point for a new allocation of the fifth permanent seat through a change in the Charter. Such a change could be designed to make the fifth seat more representative of present-day East Asia than it could be under the old rule. We might propose, for example, to give the seat to the major countries of East Asia as a group. This group would include, apart from China—or two Chinas, if an agreement on two Chinas could be reached—at least India, and possibly also Pakistan, Indonesia, and Japan.

Several methods of implementing such a change are conceivable. The simplest would be rotation of members from year to year, with each member free to proceed during its period of occupancy according to its own judgment, just as the case would be if the General Assembly should decide to have one of the non-permanent seats rotate among the members of a definite group. The sequence of occupancy could be determined by lot or, in order to introduce the change with the least trouble, the sequence could start with one of the neutral countries, say India, and then follow through in an order that would leave appropriate time to come to an understanding on the representation of China; short of such an understanding the seat would again have to stay empty in those years in which it would be China's turn to fill it.

Another, if more complicated, arrangement would be for all or some members of the group (for example India and Pakistan, or these two and Indonesia) to establish a joint representation in such a manner that the delegates would act in line with decisions made by the group or sub-group. The principle of decision-making might be that of a simple majority, with each member having one vote, or it might be some more complicated weighing of the votes in accordance with differences in the size of the member countries.⁵

4 It would indeed be the automatic outcome of the procedure provided in Rules 15 through 17 of the "Provisional Rules of Procedure of the Security Council" (concerning the examination of the credentials of representatives on the Council), in case majorities of the Council refused approval of the credentials either of the Communist or of the Nationalist Chinese delegates.

⁵ In this context it may be worth while to recall the procedures followed in the old Germanic Confederation (Deutscher Bund, 1815-66), which at the outset consisted of 39 states (see Arnold Brecht, Federalism and Regionalism in Germany—The Division of Prussia, New York 1945, pp. 157-58). There too an "Inner

In concluding this analysis I wish to deal with a number of fore-seeable objections. First, if taking away the seat from Chiang Kaishek is fair to others, is it also fair to him? My answer here is that where legal rights fail, no one can claim something on moral grounds if giving it to him involves a flagrantly immoral act toward others. The great majority of the American people seem to concur, and I see no reason why the United States government should try to change their sense of fairness in this matter.

Second, is it fair to China to give a seat that had been granted her alone in the original Charter to a group of several states while the US, the USSR, the UK, and France retain their individual perma-

Council" (Engerer Rat) existed alongside the General Assembly, just as today we have the Security Council within the United Nations. In the Inner Council 11 states (Austria, Prussia, Hanover, Bavaria, Saxony, Württemberg, Baden, the two Hesse, Holstein, and Luxemburg) had one vote each, while all the other 28 (gradually fewer) had together only six group votes (Kuriatstimmen), distributed among six permanent groups formed for this purpose. It was left to each group to determine the procedure by which it exercised its vote, and the procedure differed from group to group. In three of them the largest of the member states (hereafter designated as Member A) had stronger rights than the others. The other three groups, however, treated their members as completely equal. A variety of patterns thus emerged (as of 1850):

In Group I (the four Saxon duchies in Thuringia), Member A always had the representation within the Inner Council. It could proceed according to its own judgment whenever one of the three others concurred. If all three opposed, the vote was cast alternately, once in accordance with the opinion of A, the next time, in another matter, in line with that of the other three. In Group II (Oldenburg, Anhalt, and the two Schwarzburgs), Member A, always representing, could go ahead with the concurrence of one of the other three. However, if all three were opposed, their opinion prevailed. Also in Group III (the two Mecklenburgs), Member A always represented. When the two disagreed, the vote was cast in accordance with the opinions of A every first and second time, and with those of the other member every third time. In Groups IV, V, and VI, which treated their members as equal, representation rotated among the members-monthly in V (seven small principalities), every three months in IV (Brunswick and Nassau), and yearly in VI (the four free cities). When the members disagreed, the vote was cast alternately in the twomember group (IV), while in the others the majority decided. In a tie the opinion of the member that happened to have the representation at the time decided in VI, while in V the vote was cast in line with the majoriy of the other five groups.

I do not mean to suggest that any of these arrangements should be copied literally in the case of an East Asian group vote in the Security Council of the United Nations. I personally think that Group VI (equal votes regardless of size, rotation of lead in representation) would offer the best model. However that may be, a study of these precedents may be helpful in keeping our minds flexible and constructive.

nent seats? The answer is that the China to which the permanent seat was granted exists today only on paper. In the reality of facts there are now two parts of China—in terms of territory and in terms of people—and if they cannot come together it is impossible to fill the seat in accord with the original meaning of the Charter. If under these conditions the United States government should propose a new allocation of China's seat through a change of the Charter, the conscience of the American people would be not offended but relieved.

Third, once debate regarding the permanent seat were opened, could it be limited to China's seat? Would it not lead to attacks on the other four permanent seats, or on some of them, or to demands for granting permanent seats also to other countries or groups? He who asks this question must realize that as soon as the issue of China's permanent seat is tackled at all, debate is opened on the Charter provisions about the permanent seats—unless the Communist Chinese are admitted to the United Nations as legitimate representatives of the whole of China, which is here assumed not to occur. Nor need we fear the debate. Any proposal to deprive one of the other four members of its permanent seat in the Security Council would be doomed because of the veto power of the permanent members. Requests for an increase in the number of non-permanent seats-which would likewise involve a change in the Charter-have already been urgently raised and are sure to come up for debate in the near future. Should they be extended to include requests for additional permanent seats, say for the Latin American countries, the Arabic-Islamic countries, and Africa outside the Islamic belt, we would be free to support such ideas or not, as we deemed fit. Proposals of this type must be expected in the course of time, irrespective of the solution of the Chinese issue. We should face this inevitable development early and in a constructive manner, rather than adopting the futile function of a roadblock on the way to the future. But in any case, and however one may feel about this larger issue, we can hardly attempt to maintain the status quo regarding China merely out of fear that otherwise we precipitate a debate on further questions-especially since we hold a veto power against changes we consider undesirable.

Finally, the suggestion that the United States government should eventually propose a new allocation of China's permanent seat is likely to meet with the censure that such a proposal, however fair it might appear to us, would not be accepted by the USSR. This doubt is legitimate, of course, but it ought not interfere with or delay our introducing proposals. Should our proposals meet with insuperable obstacles, others may try to submit better ones, equally fair. Our mere initiative would set our own record straight. After all, we are dealing here with a situation in which other proposals thus far made, such as complete surrender to the Communist claim, will not be accepted either. Precisely for this reason we should, with no loss of time, introduce a fair proposal of our own as a starting point for further negotiation, aware that in the absence of agreement nothing worse would happen than that China's permanent seat would stay empty because no delegation found the support of the Security Council. We can well stand that risk.

The United States cannot thrive, inwardly integrated and outwardly honored, unless "we the people" have a good conscience about our government's foreign policy. That we have not at present with regard to the representation of China on the fifth permanent seat in the Security Council.

ARNOLD BRECHT

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AMERICAN ECONOMIC REVIEW

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BOOK REVIEWS

EELLS, RICHARD. The Meaning of Modern Business: An Introduction to the Philosophy of Large Corporate Enterprise. New York: Columbia University Press. 1960. xi & 427 pp. \$7.50.

In recent years far-seeing and perceptive writers in the social sciences have been dissecting the "cherished fictions and thumb-sucking myths" reiterated by ceremonial speakers at major business conventions. Drucker, Berle, Hamilton, and others have been analyzing the major premises on which large corporate enterprise is based, as well as the direction it has been taking, with a view to formulating a viable philosophy for managerial enterprise in a dynamic, crisis-ridden, and, as some contend, entropic world. To the growing literature in this field, Richard Eells, who combines a wide scholarship and pragmatic insights, has contributed a thought-provoking and challenging volume. Its major contribution is its careful and detailed delineation of the areas to be explored and the evidence that must be catalogued and synthesized before a tenable philosophy of modern business can be expounded. Only a task force of expert social scientists-economists, political scientists, sociologists, psychologists, and social anthropologists -and business statesmen can eventually acquire the empirical data that will give meaning and direction to modern business. This team of Lords Temporal and Lords Spiritual-to borrow Berle's telling terminology-will have to cut away the underbrush of polemics and apologetics in order to gather the evidence that will answer the scientific question of what the corporation really is and the normative problem of what it ought to be.

Contemporary thinking about the role of the modern corporation in American society rests on a number of conflicting assumptions that run the gamut from the Classical Creed to the Social Gospel. Both of these extreme approaches are inadequate, according to Eells, because historical developments have made them relatively obsolete or relatively dangerous. Using for heuristic purposes two models, he elaborates his position. On the one hand, the traditional corporation, with its parochial concern for profit maximization and its philosophical roots in Social Darwinism, cannot justify its rationale in a society that demands its corporate giants to become instrumentalities of the commonweal. The metrocorporation, on the other hand, has become so receptive to the ecological changes demanding social service and social responsibility as correlatives to profitmaking that it has taken on the

indicia of a neo-feudalism, with its Organization Men and their tenets of fealty, vassalage, and status.

The corporation of the future will represent an Aristotelian aurea mediocritas between these two divergent and radically different models. This "well-tempered corporation," as Eells calls it, will be in tune with the modern goal-values of men who believe in the profit motive, in a pluralistic society, in the rule of law, and in the free world. The specific characteristics of this future corporate citizen will depend on the scientific data and normative criteria that the proposed team of academicians and industrial statesmen will produce after their objective and analytical study of the following problems: What are the major goals of the managers of corporations (profit, power, prestige, security, or whatever)? What are the ecological conditions necessary for the survival of large corporate enterprise? How are corporate decisions made? What are the strategic areas of corporate decision-making? How is the corporation really governed? What are the obligations of corporate management to each of the following groups: stockholders, customers, employees, competitors, the local community, the general public, and the various levels of government? Obviously, implicit in each of these inquiries is the formulation of ethical norms.

The major portion of the volume is devoted to a detailed exploration of the topics and sub-topics that must be exhaustively pursued as a prerequisite for attainment of the viable philosophy. Eells' discerning insights and practical suggestions will prove invaluable to future investigations in this area, and to those business executives who will take the time to read this study of themselves and the world they inhabit. A puzzling aspect of his approach, however, is his apparent optimism that his "well-tempered corporation" will evidence all the desirable characteristics he envisions even before the submission of the scientific data for which he calls. Apparently, the task force has little choice, for we are warned that limbo awaits institutions that fail to meet the challenge of their times, as the author sees it. Assuming, however, that the general tenets of his philosophy indeed represent the salvation of the modern corporation, how will the corporate executive make the leap from what is to what ought to be? What Eells proposes is a formidable task for all concerned. He reminds the managerial class of Whitehead's prescription: "A great society is a society in which its men of business think greatly of their functions." He calls on the social scientists for an interpretation of their disciplines, something that goes against the grain of the "samurai spirit of the specialist."

Of course, the "well-tempered corporation" will emerge only in the long run, and as a famous English economist has reminded us, our life span is seldom commensurate with this elusive period. It is fortunate for us that while waiting for universities, foundations, and corporate giants to pool their resources for the crusade Eells has outlined, we do have a philosophy to guide us. To quote on this subject a bit of deathless verse by the poet-laureate of the economists, Kenneth E. Boulding: "Business is a useful beast,/ We should not hate it in the least;/ Its profits should not be sequestered,/ And yet it should be mildly pestered./ To pester, rather than to bust,/ Should be the aim of antitrust,/ For business best can serve the nation/ When pushed by gentle irritation." Our antitrust philosophy, rooted in the concept of decentralization of private economic power, has been irritating and pestering, perhaps too gently, the private collectivisms and the selfperpetuating oligarchies that seem to have displaced Adam Smith's "hidden hand." Our basic legislative trinity-the Sherman, Clayton, and Federal Trade Commission acts-aided, abetted, and sometimes hindered by more than twenty exceptions and exemptions, is designed to preserve the structure and function of competition, a term with a multiplicity of shades and meanings. It seems more probable that the "well-tempered corporation" will emerge from the matrix of legislative machinery and the judicial process than from voluntary action on the part of the business community.

I do not mean to underestimate the importance of this book. Eells is asking the managers of large corporate enterprise to take a long and hard look at their activities and their rationalizations, and to start thinking of what they ought to be doing. He has made his challenge loud and clear. One wonders how our business leaders will respond.

ISIDORE STARR

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DIEBOLD, WILLIAM, JR. The Schuman Plan: A Study in Economic Cooperation, 1950–1959. [Council on Foreign Relations.] New York: Frederick A. Praeger. 1959. xviii & 750 pp. \$8.

LISTER, LOUIS. Europe's Coal and Steel Community: An Experiment in Economic Union. New York: Twentieth Century Fund. 1960. 495 pp. \$8.

The proposal by Robert Schuman, French Minister of Foreign Affairs, that "the entire French-German production of coal and steel be placed under a common High Authority, in an organization open to the participation of the other countries of Europe" found expression in 1952 with the establishment of the European Coal and Steel Community. Of these two important books on the organization, functioning, and implications of that momentous undertaking, Mr. Diebold's is the more historically oriented. His Part I, "From Plan to Treaty," discusses the background of the Schuman proposal, the treaty negotiation between France and Britain, and those of France, Germany, Italy, and the Benelux governments; the debates in the various countries before ratification of the treaty; and the state of the respective coal and steel industries.

It is Part II of Diebold's work, "The Community in Action," which comes closest to the problems dealt with in Lister's study. The opening of the Common Market, with the removal of tariffs and quotas, the movement to eliminate the discrimination in transport rates, and the removal of subsidies required the High Authority to take an active role in readaptation. During the transition period, subsidies were continued temporarily, subject to conditions established by the High Authority, and grants were extended to tide workers over periods of temporary unemployment and adjustment to new jobs. At times, however, the High Authority's policies relating to the elimination of double pricing, the fixing of coal prices, and the publication of steel prices incurred the opposition of governments and created hostility among producers.

Both books deal perceptively with what Lister calls "the difficulties encountered by a partial economic union devoid of political power." The High Authority's policy of encouraging useful concentrations (statistics are given by Diebold to show the types it has authorized and their distribution through the Community) has resulted in reconcentrations in the Ruhr which have essentially undone the postwar deconcentration policies of the Allies. A great deal of insight into the problems facing the High Authority in this area is provided in Diebold's chapter on cartels. Any substantial degree of real competition is likely to produce instability of employment in the coal industry, and therefore cannot be countenanced by the various governments. Moreover, as Lister puts the case, it would be "difficult to subject the whole Community to competitive mechanisms" since "any attempt to introduce a radical change in these concepts of stabilization and control would not only run up against the desire for security, whether on a national or regional basis, but also against the coexistence of public and private systems of ownership."

Diebold's Part III, "The Community and the Rest of the World," deals briefly with ECSC's external relations, and includes a chapter on American interests and policies. And finally, his Part IV, "The Nature of the Community," contains a broad evaluation. These chapters deal with ECSC's economic effect, what it has meant to each participating country and to outsiders, the character of the coal and steel economy that has emerged, the kind of entity the Community has turned out to be, its relation to other measures of European integration, the consequences of "partial integration," and, at the end,

the problems for the future.

Lister's book, with its careful analysis of the implications of ECSC experience for the broader problems of European economic and political integration, serves as a necessary complement to Diebold's. While Diebold is predominantly concerned with the political background and with the events and decisions that affected the Community's first years, Lister's study deals with the ECSC from an economic point of view, covering its workings up to early 1959, and contributing a detailed statistical evaluation of the industrial complex that constitutes it. Lister's chapter on coal prices is particularly valuable for an understanding of Belgium's cost problems. His data on the concentration of control in the Ruhr steel industry and on the amount and proportion of Ruhr coal controlled by that industry before and after deconcentration, clearly illustrate, again, how far the reversal of the Allies' postwar deconcentration policy has progressed.

JOSEPH KORN

New York City

WEINER, HERBERT E., with an introduction by Michael Ross. British Labor and Public Ownership. Washington, D. C.: Public

Affairs Press. 1960. viii & 111 pp. \$3.25.

At the turn of the century labor organizations and progressive elements throughout the Western world viewed nationalization as the key to dramatic social action that would do away with all injustices of industrial life. Nationalization, a subject of endless debates, soon became labor's rallying cry and vision, the necessary skeleton of a dimly perceived ideal society. British labor, as party and as movement, led in commitment to and advocacy of this solution. As party it found nationalization the vote-getter that eventually brought it to power to carry out the postwar reforms and reconstruction. As a union the TUC—always the senior brother in labor's family—became through its actions and pronouncements on nationalization the pattern-setter enviously and carefully watched. Now it is all over. The Labour Party has rejected its commitment; it finds nationalization the vote-

loser that keeps it out of power. The trade unions ask haltingly what the fuss is all about.

In this book Weiner traces the path of organized labor's changing policy. His central thesis is that "nationalization was regarded by British trade unionism as a medium for orderly purposeful change," viewed as "in complete accord with British labor's traditional approach . . . of treating problems of the individual's welfare empirically and directly." He makes his point by straightforward exposition of the TUC's actions and pronouncements. The TUC is reported as having viewed nationalization successively in terms of "the need to reform land to suit modern industrial society," a check on the concentration of power, and a means of solving the problems of depression and unemployment. When nationalization was finally abandoned by the TUC its place was taken by emphasis on "public controls rather than ownership as the device for making the dominant firm publicly accountable."

Like the British, other labor movements in the West have shed their enthusiasm for nationalization. It is in the new nations of Asia, in India, in Indonesia that the call for nationalization is once again the hallmark of progressive thinking and the major item in the ideological package of the trade unions. Again ownership, control, and performance are naively equated. Again the ideal society is perceived as glittering around the corner of state or worker ownership. The Weiner book should assist in clarifying organized labor's thinking on these issues. It is simple, clear, well written, and well documented.

OSCAR ORNATI

Graduate Faculty of the New School

ALLEN, ROBERT LORING, introduction by Erwin D. Canham. Soviet Economic Warfare. Washington, D. C.: Public Affairs Press. 1960. x & 293 pp. \$5.

"We declare war upon you . . . in the peaceful field of trade. . . . We are relentless in this and it will prove the superiority of our system": Khrushchev to an American editor on October 19, 1957. The burden of Robert Loring Allen's book is that this is no idle threat. The facts and figures presented are based on an intensive, systematic research over a three-year period (1956-59), conducted under the Woodrow Wilson Department of Foreign Affairs at the University of Virginia, with more than twenty scholars participating on some fifty research papers, monographs, and books concerning Soviet economic warfare. These publications, listed here in an

appendix, can provide important data to future students. In this volume the author's aim was "to record the salient features of Communist foreign economic relations in a systematic and coherent fashion." Though at times one would hope for a little less editorial-

izing, he has succeeded in producing a challenging book.

After analyzing the background of economic warfare, the author sketches the new Soviet "image": in contrast to the Stalinist stoic concern for developing a self-sufficient nation that would prove its invincibility and its superiority, the Soviet Union today is pictured as constantly ready with a loan offer, a trade agreement, a purchase contract, transit rights, arms, technical assistance, or other appropriate economic gestures. Thus the new states of the Soviet bloc have developed to join the industrial nations of the world, even improving on the instruction they proclaim as having been given to them historically by Great Britain, Germany, France, and the United States; clearly the success of the Marshall Plan and the Truman Doctrine, once opposed so vigorously by the Communists, is now imitated.

In an analytical chapter on "Economic Warfare and State Trading" the terms are well defined, strengths and weaknesses sharply detailed. But the heart of the book is its factual data, which are presented in an overall review of the Soviet bloc's experience in international trade with the Middle East, Asia, and Latin America. It has accepted a challenge in this field, and now it must perform. To date, it has had failures, most sharply in Burma. But it is learning. Anxious and determined to become crucially significant in world trade, it has chalked up numerous accomplishments, particularly in Asia. The challenge to the West is clear: to find "that combination of public and private activity and those methods which will promote and expand" an equally strong but "equitable economic system which attaches the highest priority to man."

EUGENE T. FERRARO

General Precision, Inc.

SHONFIELD, ANDREW. The Attack on World Poverty. New York: Random House. 1960. xii & 269 pp. \$5.

Mr. Shonfield boldly proposes that, because of the shortage of funds for aiding underdeveloped countries, investment efforts from the outside be limited to the three "best bets"—Brazil, India, and Mexico, countries that already show a rapid pace of economic growth. For other countries, external aid should be confined to

technical assistance and the study of investment opportunities, against such time as more capital is available. He admits that this is an unfair distribution of capital resources, but holds it to be the only practical course for getting economic development under way. Otherwise his book is devoted to castigating the international agencies concerned with economic development, and to some rather sketchy suggestions for their reform. The author lambastes the International Monetary Fund for being preoccupied with currency stabilization; criticizes even his favorite organization, the World Bank, for being too much the cautious banker and shirking the full-scale promotion of agriculture and industrial growth; and takes a shillelagh to the United Nations, which, as an institution for economic development, he finds hopelessly tangled in its own red tape, corroded by interagency and internal rivalries, and generally paralyzed by all the evils of a bureaucracy that has grown too fast.

While some of Mr. Shonfield's points are well taken, others, especially those that descend to attacks on individual officials, are trivial. He would be in a better position to criticize had he laid a sound foundation for his position by contemplating the political side of economic development. Indeed, had he done this, he would have found far less reason for criticism. Lacking this political foundation, his argument depicts underdeveloped countries as almost inert objects, without a sense of nationhood or national purpose, incapable of advancing without external aid, perhaps incapable of reacting to unjust treatment. Only this blindness to political realities can explain why the author fails to realize that his plan for concentrating foreign investment in three countries is not only unfair but also politically and morally intolerable and practically unworkable. Stranger than this, he almost totally neglects the political life of the United Nations, which is primarily a political body and is only secondarily concerned with economic development, along with many other matters. In addition, Mr. Shonfield's humanitarian principles occasionally overwhelm his economic insights, making him seem to forget that there are certain things a bank, even the World Bank, cannot do without distorting its functions or violating its charter. His argument is weakened, too, by an innocent horror of the normal frictions and resistance that beset any kind of economic policy, particularly in the international field.

The author frankly states that his book is impressionistic, and in truth it is. But while of limited value as a scholarly work, it is written so well that the reader's interest never flags. This vivid

presentation, combined with its earnestness of purpose, makes the book a refreshing contrast to conventional studies of economic dedevelopment.

FELICIA J. DEYRUP

Graduate Faculty of the New School

RITNER, PETER. The Death of Africa. New York: Macmillan. 1960. xii & 312 pp. \$4.95.

The debate on American policy toward emergent Africa is in its infancy. On the surface, virtually all parties would seem to be in substantial agreement. The United States needs to encourage, through a more direct involvement in African affairs, a continuance of the political transformation now so clearly in evidence, and to assist these new states with bold new technical and educational programs. But because most authors advance such policies in a rather academic manner, their essays have, unfortunately, convinced far too few. Peter Ritner avoids this pitfall, though in so doing he leaves himself open to other attacks. His book is a critical survey of the relationships between the Western powers and Africa in the past and a shocking prognostication of events to come—unless the United States acts swiftly and decisively.

Unlike many observers (such as Chester Bowles), who write of using technical assistance to make use of Africa's "vast potential," Mr. Ritner describes Africa as a "pauper continent." Instead of waxing enthusiastic over the prospective significance of new mineral and petroleum ventures, he belittles the contribution that these enterprises will make to the African economy in its entirety, and concentrates his attention on the sadly neglected field of African agriculture. "She has no 'black earth' realms," he writes, "no pampas or Mississippi Valleys or Ukrainian steppes, where a supertolerant Mother Earth shrugs off human rapacity and ignorance, giving man a second, third, fourth turn at the pump. In Africa, Mother Earth smiles with a skeleton's grin" (p. 6). The author sketches a still bleaker picture as he details the effects of overpopulation, social imbalance, monoproduct economies, mounting urbanization, unemployment, and political instability. If he has such ingredients to work with, Mr. Ritner declares, the African leader, regardless of his intentions, is doomed to failure: there will be a continuous process of social disintegration until these capital-hungry nations turn in desperation to "Chinification"—the creation of civil order and an industrialized society through the use of brutally inhuman methods.

Fortunately, Mr. Ritner does not feel that this will necessarily come to pass. He claims that with an investment of \$6 to \$8 billion a year, in agricultural reclamation and large-scale industrialization projects, the United States would be able to break Africa's vicious circle of pauperization and social disintegration. To accompany this broad economic program, he calls for a massive American effort to right the political ills of southern Africa. With little apparent recognition of the legal and moral consequences of such actions, he maintains that the United States should (in his more dramatic examples) help to form and take part in an international contingent to invade southwest Africa, and should actively subvert the government of the Union of South Africa. One cannot help but wonder what kind of international community we would move toward if such standards of international conduct became accepted on a universal basis.

In short, for better and worse, this book is not merely another addition to the conventional stock of "liberal" works on Africa. It abounds in value judgments that seem questionable, and contains statements of fact that leave the reader uneasy, since they are not supported by a citation of sources. (For example, Prime Minister Macmillan—as quoted in East Africa and Rhodesia, August 25, 1960—has estimated that the United Kingdom has given 1.25 percent of its national income to help less developed countries, which is a significant variance from Mr. Ritner's figure of 0.6 percent.) Nevertheless, despite such shortcomings, the book will make a vital contribution to the growing shelf of Africana if, through its vividness, it can help awaken the American people to the enormity of the challenges that lie ahead.

DONALD S. ROTHCHILD

Colby College

LENGYEL, EMIL. The Changing Middle East. New York: John Day. 1960. 376 pp. \$5.75.

Politico-geographic names are often shorthand expressions for specific power relations, and therefore, at times, for distorted viewpoints. The terms "Middle East" and "Near East," for example—rightly considered by Lengyel interchangeable—are Europeo-centric and their implied connotations are in many ways obsolete. Significantly, there is "no authoritative and generally accepted designation of the region." It is not identical with the successor states of the Ottoman Empire. The League of Arab States counts Morocco and Tunisia in northwest Africa among its members, and is deeply involved in Algeria, which its official maps describe as a "foreign-controlled Arab country," but Iran, Israel,

and Turkey, for example, are not Arab. Nor is the area identical with the Islamic world, which extends to Indonesia and the Soviet Union. Making therefore his own, and judicious, choice, Lengyel covers, country by country, the region that stretches from Libya in the west to Iran in the east, and to Yemen and the formerly Anglo-Egyptian Sudan in the south. He concentrates on the events during the agitated decade 1950–60, but gives flashbacks that should greatly increase the value of this thought-provoking book for those who are not familiar with the area's complicated background.

The picture that emerges is one of enormous contrasts, of many plots, of deeply rooted enmities that sometimes erupt unpredictably, of subtle and crude political schemes in which the masses still play a largely passive role. The causes for the endemic unrest in many parts of the area are still present, and there is still no broad base for political power. If matters are to continue in this manner the area will continue to be torn by strife, economic convulsions, and intra- and extra-regional intrigues. But there is also much longing and search for a way out. Thus the question arises whether any of the multiple historic, religious, ideological, ethnic, linguistic factors, or any combination of them, will prove strong enough to exercise a stabilizing influence in the region, and to bring about, if not integration or union, at least the preconditions for peace and economic development. By far the longest and, to this reader, one of the best chapters of the book analyzes both the great strength of the mystique of Arab unity and the obstacles that stand in the way of its materialization. Lengvel doubts Egypt's chances of becoming Arabia's Prussia or Piedmont, and Nasser's of becoming its Bismarck or Cavour. He gathers much evidence to bolster his dictum that President Nasser "has antagonized one Arab country after another to the point that few of them are on speaking terms with him" (p. 236).

What of the role of the big powers and especially of the United States, called by Lengyel the "global policeman"? He regards the Baghdad Pact and the Eisenhower doctrine as "failures," but also sees few chances for the USSR in Egypt, in Egypt's main rival Iraq, or elsewhere in the area. In his view, Western alliances with Middle Eastern countries suffer from the unsolvable dilemma of being anchored on autocratic governments which are unstable but against which the West cannot tolerate discontent. He takes a serious view of Western disunity in the region, and of the tendency toward "pandering to the Arab potentates" instead of trying to bring Israel and the Arab countries closer together; and he emphasizes that the USSR, directly adjacent to the area, cannot be excluded from any Middle Eastern settle-

ment. He strongly argues in favor of a drastic reduction of armaments—in some of these countries they amount to more than half the budget—and of large-scale economic development plans and aid.

In this book Lengyel again proves himself an urbane storyteller as well as a penetrating analyst. The facts presented are, by necessity, selective, but whether through emphasis or through omission they are informed by the author's expert opinions.

JOHN H. E. FRIED

New School for Social Research

MACRIDIS, ROY C., and BERNARD E. BROWN. The De Gaulle Republic: Quest for Unity. [Series in Political Science, Norton E. Long, ed.] Homewood, Ill.: Dorsey Press. 1960. ix & 400 pp. \$5.

Deeply divided on important issues, France's Third Republic defeated powerful anti-republican forces that were trying to undermine its existence, established a colonial empire, was at the beginning almost alone in the West in bearing the brunt of World War I, and was victorious in that war as a prominent member of the Western coalition. No less divided, France's Fourth Republic rebuilt the country from its ruins with American aid, inaugurated European cooperation, moved toward economic maturity, and laid the foundations for an orderly transition from the French Union to the Communauté of independent states later brought about courageously by President de Gaulle.

In their book on the de Gaulle regime, Professors Macridis and Brown resist the temptation, succumbed to by many others, of describing in glowing terms the accomplishments of the Fifth Republic in contrast with those of its predecessor. They rightly see the quest for unity as the decisive factor of President de Gaulle's policy. The experiences of his life led him to distrust thoroughly the merits of a regime under which parliament, according to the constitution, was supposed to be strong but proved weak, as a result of dissensions among its numerous groups, each of which was further divided and incapable of maintaining discipline among its members. But the authors emphasize the word "quest" rather than the word "unity." In their minds there is no doubt that the contradictions and the perennial conflicts of French society, the divisive economic and religious issues, continue to harass the nation, and that de Gaulle lost a great opportunity to change the course of events in Algeria and perhaps in the whole of North Africa when at the height of his popularity, after the referendum of 1958, he equivocated instead of acting;

and it is not yet certain how far his new bold move, started in November 1960, will be successful and disprove this strong judgment. Without underestimating the greatness of the man who holds sway in France, the book stresses the Bonapartist aspects of the regime rather than the Orleanist traits that Maurice Duverger emphasized when interpreting the text of the constitution. The authors come to the conclusion that unity of France seems accomplished only because the French are in a state of "political tutelage."

Helped by studies in France during the crucial years, the authors analyze the events that led to the collapse of the Fourth Republic; describe the constitution of the Fifth Republic, as well as the referendum and the legislative elections by which its promulgation was followed; and give an account of the new institutions and political forces. Due weight is accorded the Algerian imbroglio and the army's re-entrance into political strife, its political doctrine, and its theory of revolutionary warfare. The narrative, which is illustrated by a useful documentary and chronological appendix, ends early in 1960, but includes the delegations of power, granted to Premier Debré in February 1960, to govern by decree in order to bring under control, the forces that had overthrown the Fourth Republic, as well as the announcement of member states' sovereignty within the Communauté, the greatest achievement of the Fifth Republic to the time of the authors' writing.

The book, a remarkable interpretation of the events between 1957 and 1960, stresses that the man at the helm of the Fifth Republic has destroyed or weakened many forces that have traditionally upheld the republican regime in France. Today an eventual return to a regime similar to that of the Third Republic is still possible. The outcome of the Algerian problem will determine whether this road remains open or whether anti-republican forces will some day engulf the Fifth Republic, thereby creating within and outside France a crisis of first magnitude for the Western world.

ERNEST HAMBURGER

École Libre des Hautes Études, New York City

GOODMAN, ELLIOT R., with foreword by Philip E. Mosely. *The Soviet Design for a World State*. [Studies of the Russian Institute, Columbia University.] New York: Columbia University Press. 1960. xviii & 512 pp. \$6.75.

The principal purpose of this brilliant study is to prove that "a well-delineated design for a world state" is an essential part of com-

munist ideology, and the author has fully succeeded in his undertaking. He should be thanked also for his masterly organization of the detailed evidence he has amassed on this issue.

The examination of the evidence begins, as is proper, with an analysis of the idea of world state in the writings of the fathers of communist theory. From Marx and Engels Professor Goodman moves on to their great Bolshevik disciples, putting his main emphasis on the teachings of the Leninist-Stalinist era rather than on the post-Stalinist period. The author then shows that the emergence of nationalist trends in the Soviet Union since 1930 has by no means resulted in abandonment of the ultimate goal of a communist world state. Instead, the image of the latter has lost its genuinely universalist character and has more and more taken on typically Russian features, as regards both its political-constitutional structure and its cultural form and content. Professor Goodman points out the relativistic position of communist writers and statesmen concerning the methods for bringing about the world state, and makes it clear that a war of aggression is, as a matter of principle, a permissible means for attaining the end. A special chapter is devoted to an analysis of Soviet reactions to supranational plans from the non-Soviet world. It would be difficult to contest Professor Goodman's conclusion that "no meaningful accord with the Soviet regime for the higher integration of nations is presently conceivable." He finally discusses most interestingly and judiciously the vision of the communist stateless world community that is expected to result from the withering away of the coercive powers of the world state.

Professor Goodman emphasizes how difficult it is for members of Western society "to understand the totalitarian world view of the Soviet mentality." His painstaking assembling of material bearing on communist expectations and intentions and his able analysis should greatly facilitate such understanding, inasmuch as the ultimate goal of a classless world state or commonwealth is undoubtedly a significant element in Soviet theory and practice. But one wonders whether it actually holds such a central place in theory and exerts such a decisive influence on actions as the author seems to suggest. To him it is axiomatic that the ultimate motive of Soviet actions is the attainment of a Russified world state, and he therefore never bothers to prove the assumed link between abstract ideology and concrete policies, or to look for motivations typical of the traditional game of power politics. One also regrets that Professor Goodman fails to elaborate on the implications of the emergence in China of

an ideological and political authority readying itself to compete with the Soviet Union for communist global leadership.

ERICH HULA

Graduate Faculty of the New School

MAYO, H. B. An Introduction to Democratic Theory. New York: Oxford University Press. 1960. vi & 316 pp. \$2.75 (paperbound).

This book is an attempt to formulate the political and ethical assumptions implied by democratic institutions, and to show the case that can be made for them in the light of historical experience. The bulk of the work is a concise but comprehensive restatement of familiar problems-for example, the permissible limits of universal suffrage, the rationale of the majority principle, the legitimacy of second chambers, the pros and cons of proportional representation, the responsibility of representatives—to which the solutions offered are almost always reasonable. In the concluding sections it is argued that the values of democracy are to be found in its procedural commitments and not in some imputed final goal, and they are thus identified with that whole cluster of pragmatic qualities-such as diversity, tolerance, peaceful change, openmindedness-which comport with the method of debate and compromise. A major difficulty here is that since these values of procedure become pointless without a large measure of social and cultural equality, there is, in fact, a substantive component in democratic theory which the author tends to slight. On the whole, however, the book is a valuable summation of the apologetic for liberal democracy.

JULIAN H. FRANKLIN

Princeton University

ROBINSON, AUSTIN, ed. The Economic Consequences of the Size of Nations. New York: St. Martin's Press. 1960. xxii & 446

pp. \$10.

Collected here are nineteen papers presented at the fifth conference of the International Economic Association at Lisbon in 1957, together with an introduction by the editor and a summary record of the discussions on the papers. The topic—size of nations and its effects on markets, enterprises, competition, foreign trade, and the like, with its repercussions on standardization and efficiency—has rarely been discussed in economic literature. Indeed, the novelty of the topic made it necessary to devote one paper (by I. Svennilson) to the concepts of nations and sizes, and many contributors, especially C. D.

Edwards, J. Jewkes, E. A. G. Robinson, and T. Scitovsky, had to concern themselves with the methodology of analysis of the size of nations. As a result of this preoccupation with principles, the conclusions of the conference are necessarily somewhat tentative, but they will undoubtedly provide a good foundation for subsequent inquiries. Several papers also provide insight into specific problems, for example "The Intra-Bloc Trade of Benelux" (by P. J. Verdoon).

The papers demolish several widely held, but rarely investigated, ideas—for example, that the size of the United States is a primary factor determining the efficiency of its industries. The contributors agree that in virtually all industries the optimum sizes of plants are small enough to permit their establishment in industrial nations of about 10 million inhabitants. However, they do not agree on a definition of "small nation"; some put the upper limit at 50 million inhabitants, while others reduce it to 10 or even 2 million. Small nations (irrespective of their statistical definition) can achieve the industrial efficiency of larger nations if they disperse their exports among many countries; when they export to only a few countries, small nations become vulnerable to buyers' restrictions, and cannot hope to increase their efficiency by means of foreign trade.

Most of the papers stress the effect of monetary policy on trading relations between nations. The contributors agree that divergent monetary policies have made the lot of the small nation far less attractive today than in the days of the universal gold standard. For this reason, customs unions are regarded as economically advantageous only if the participants agree on a well coordinated monetary policy. Most customs unions are therefore described as political rather than economic in character. Since consultation and administration are difficult to arrange in a geographically far-flung customs union, R. Triffin believes that regional customs unions will be more successful than others. The relationship between size of nations and costs of administration is explored by E. A. G. Robinson, but all he can report is that "on statistical evidence the outcome is inconclusive" (p. 238). These observations appear to negate the statistically unsubstantiated belief of several contributors that customs unions of small nations result in external economies.

Despite the excellence of the introduction and the papers, many aspects of this novel topic remain incompletely defined or analyzed. The relationship of size to geographical shape and availability of resources is unexplored, except for the vague and misleading generalization that larger nations are bound to have more variety and greater

quantity of resources. Location theory, especially Weber's ideas of weight loss and weight gain, is neglected. Loesch's and Isard's regional theories, which should be most significant in this context, are also not considered. Perhaps a future conference with contributions from geographers and regional scientists can remedy some of these defects.

ALEXANDER MELAMID

New York University

SAYRE, WALLACE S., and HERBERT KAUFMAN. Governing New York City: Politics in the Metropolis. New York: Russell Sage Foundation. 1960. xviii & 815 pp. \$8.50.

The publication of this book marks the appearance of an important landmark in largely uncharted political terrain. Massive in size, painstaking in detail, broad in scope, literary in style, this inclusive volume covers the vast field of politics in New York City, with an insight rare to behold. Sayre and Kaufman have justly been acclaimed by theorists and practitioners alike for their successful effort to portray the decision-making process in this metropolis. Politics in New York City comes to life when viewed, as it is here, as a contest taking place in an arena-a contest with stakes and prizes for the victors, rules of the game, and contestants, of course, plying their strategies. Citizens, public officials, members of the party organizations, representatives of the bureaucracy, legitimate and illegitimate interests of all kinds manoeuvre constantly to secure political power and shape governmental decisions. The authors praise New York City for its qualities of openness and its receptivity to new participants.

While this approach establishes the criteria for the selection of the data, which otherwise would bog down any attempt to understand the Byzantine complexity of the government of Greater New York, it does create two problems. First, much material about the structure of New York City government is of necessity eliminated; this, however, is admirably remedied in an appendix, by the inclusion of the Institute of Public Administration pamphlet on "Governmental Organization Within the City of New York," newly brought up to date by R. H. Connery. The second problem is not so easily corrected. In their intention of presenting a case study in the governmental process the authors are concerned with description, explanation, and analysis. But their approach prevents them from any consideration of the public interest. All the contestants are self-

seekers, and their success or failure bears no relationship to the public good, but rather to their power, the strategy they employ, how well they play the game. At the conclusion the authors make recommendations designed to strengthen the office and powers of the Mayor, as the representation of the broadest constituency. But is it not a methodological inconsistency to recommend improvement in governmental structure for value purposes on the basis of a study of process so devoid of value orientation? Is not this approach to the study of politics a justification for the laissez-faire of political competition?

ALBERT GORVINE

Brooklyn College

WOLFF, KURT H., ed. Émile Durkheim, 1858-1917: A Collection of Essays, with Translations and a Bibliography. Columbus: Ohio State University Press. 1960. xiv & 463 pp. \$7.50.

This is a companion to the volume on Georg Simmel, also edited by Kurt H. Wolff. It contains translations of Durkheim's important essay, "The Dualism of Human Nature and its Social Conditions"; the prefaces to the first and second volumes of the Année sociologique; a theoretical paper, "Sociology and its Scientific Field"; a historical article, "Sociology"; a letter to A. R. Radcliffe-Brown; and a partial translation of the lectures on "Pragmatism and Sociology," which were originally reconstructed by Armand Cuvillier from student notes. Also included are a number of essays about Durkheim, some of them historical and exegetic, others critical evaluations, and still others that attempt to illustrate Durkheim's influence by developing the authors' own conceptions. The variety of interpretations and perspectives testifies to the multi-faceted richness of Durkheim's thought, and the volume as a whole may mark the beginning of a re-evaluation of Durkheim in American sociology.

THOMAS LUCKMANN

Graduate Faculty of the New School

ROHRER, JOHN H., and MUNRO S. EDMONSON, eds., with Harold Lief, Daniel Thompson, William Thompson, co-authors. The Eighth Generation: Cultures and Personalities of New Orleans Negroes. New York: Harper. 1960. xi & 346 pp. \$6.

This volume is the result of a research project carried out during 1953-56 at the Urban Life Research Institute of Tulane University by a staff that included psychologists, a sociologist, an anthropologist,

and technicians. The project was established to follow up the previous study conducted by Allison Davis and John Dollard and published in 1940 as Children of Bondage. Furnished with the complete files and data for the earlier work, the present authors tried to locate from a fifteen-year-old list of names and addresses those of the 277 original subjects who had been teen-agers at the time of the 1937-38 interviews. After following leads that took them to all corners of the country they succeeded in finding 90 out of 107. Present occupations of the 90 varied widely: "clerks, salesmen, hospital attendants, disc jockeys, teachers, domestic workers, prostitutes, firemen, doctors, and business executives." The book traces in detail the "complexity and subtlety of the life lines of 20 of these teen-agers," in the process analyzing "not one Negro culture, but several; not one Negro personality type, but many; not one Negro family, but a number of different ones." The result is an absorbing study, of value to social scientists in all fields dealing with social and cultural problems.

C. MORRIS HOROWITZ

Brooklyn College

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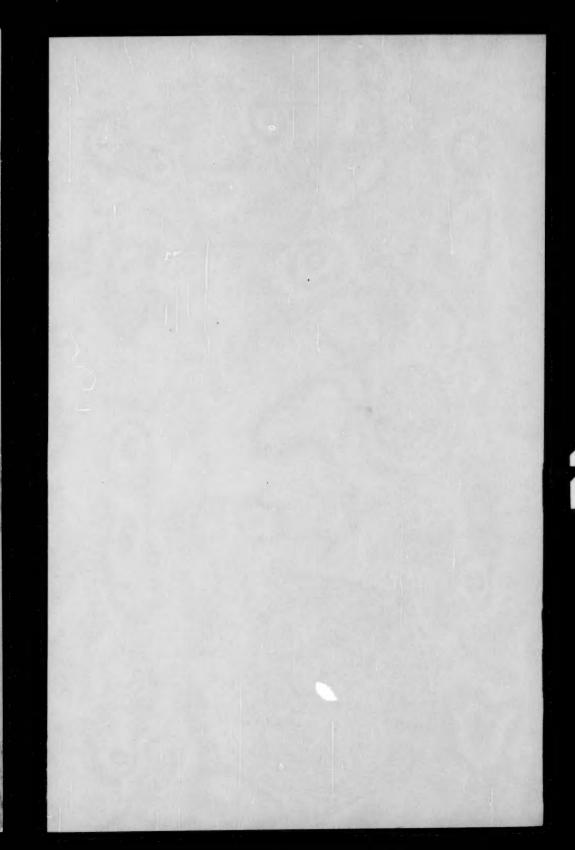
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